Financial Condition

Consolidated Balance Sheet

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Assets		
Cash and Due from Banks (Note 28)	¥ 67,521	$ 687,383
Call Loans and Bills Bought	145,000	1,476,127
Reverse Repurchase Agreements (Note 3)	375,966	3,827,412
Money Held in Trust (Note 28)	24,873	253,218
Securities (Notes 3, 13 and 28)	1,246,587	12,690,496
Loans (Notes 4 and 13)	12,008,856	122,252,428
Other Assets (Note 6)	88,075	896,630
Tangible Fixed Assets (Note 7)	162,375	1,653,011
Intangible Fixed Assets	4,576	46,591
Deferred Tax Assets (Note 25)	27,930	284,342
Customers' Liabilities for Acceptances and Guarantees (Note 12)	157,276	1,601,101
Allowance for Loan Losses (Note 8)	(276,689)	(2,816,754)
Allowance for Investment Losses	(4,294)	(43,716)
Total Assets	**¥14,028,056**	**$142,808,269**

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Liabilities and Equity		
Liabilities		
Debentures (Note 9)	¥ 3,431,597	$ 34,934,309
Borrowed Money (Note 10)	8,067,892	82,132,678
Corporate Bonds (Note 9)	81,423	828,902
Other Liabilities (Notes 11 and 24)	169,043	1,720,898
Accrued Bonuses to Employees	2,224	22,646
Accrued Bonuses to Directors and Corporate Auditors	20	213
Reserve for Employees' Retirement Benefits (Note 23)	32,050	326,282
Reserve for Directors' and Corporate Auditors' Retirement Benefits	11	122
Deferred Tax Liabilities (Note 25)	58	599
Acceptances and Guarantees (Note 12)	157,276	1,601,101
Total Liabilities	**11,941,600**	**121,567,750**
Equity		
Common Stock authorized, 160,000 thousand shares; issued, 40,000 thousand shares (Note 14)	1,000,000	10,180,189
Capital Surplus (Note 14)	1,157,715	11,785,760
Deficit (Note 14)	(96,363)	(980,999)
Unrealized Loss on Available-for-sale Securities (Note 28)	(1,667)	(16,980)
Deferred Gain on Derivatives under Hedge Accounting	17,182	174,923
Foreign Currency Translation Adjustments	3	36
Total	2,076,870	21,142,930
Minority Interests	9,586	97,589
Total Equity	**2,086,456**	**21,240,519**
Total Liabilities and Equity	**¥14,028,056**	**$142,808,269**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Operations

For the six-month period ended March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Income		
Interest Income	¥ 135,793	$ 1,382,405
Interest on Loans	130,490	1,328,420
Interest and Dividends on Securities	4,771	48,575
Interest on Call Loans and Bills Bought	14	150
Interest on Reverse Repurchase Agreements	387	3,943
Interest on Due from Banks	129	1,318
Fees and Commissions (Note 16)	4,646	47,298
Other Operating Income (Note 17)	719	7,321
Other Income (Note 18)	13,672	139,192
Total Income	**154,831**	**1,576,216**
Expenses		
Interest Expense	84,118	856,338
Interest on Debentures	25,991	264,596
Interest on Call Money and Bills Sold	0	6
Interest on Borrowed Money	56,029	570,391
Interest on Corporate Bonds	216	2,204
Other Interest Expense	1,880	19,142
Fees and Commissions (Note 19)	142	1,449
Other Operating Expenses (Note 20)	11,090	112,902
General and Administrative Expenses	17,803	181,242
Other Expenses (Note 21)	159,798	1,626,777
Total Expenses	**272,952**	**2,778,708**
Loss before Income Taxes and Minority Interests	**(118,120)**	**(1,202,492)**
Income Taxes (Note 25)		
Current	20,021	203,823
Deferred	(6,492)	(66,093)
Total Income Taxes	**13,529**	**137,730**
Minority Interests in Net Loss	**(3,308)**	**(33,677)**
Net Loss	**¥(128,342)**	**$(1,306,546)**

	Yen	U.S. Dollars (Note 1)
Per Share of Common Stock (Note 15)		
Basic Net Loss	¥(3,208.55)	$ (32.66)

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

For the six-month period ended March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Common Stock:		
Balance at October 1, 2008 (Note 22)	¥1,000,000	$10,180,189
Balance at March 31, 2009	1,000,000	10,180,189
Capital Surplus:		
Balance at October 1, 2008 (Note 22)	1,157,715	11,785,760
Balance at March 31, 2009	1,157,715	11,785,760
Deficit:		
Balance at October 1, 2008 (Note 22)	—	—
The Amount of Tax Effect Adjustment due to Change in Legal Structure	31,978	325,547
Net Loss	(128,342)	(1,306,546)
Balance at March 31, 2009	(96,363)	(980,999)
Unrealized Loss on Available-for-sale Securities:		
Balance at October 1, 2008 (Note 22)	—	—
Net Change	(1,667)	(16,980)
Balance at March 31, 2009	(1,667)	(16,980)
Deferred Gain on Derivatives under Hedge Accounting:		
Balance at October 1, 2008 (Note 22)	—	—
Net Change	17,182	174,923
Balance at March 31, 2009	17,182	174,923
Foreign Currency Translation Adjustments:		
Balance at October 1, 2008 (Note 22)	—	—
Net Change	3	36
Balance at March 31, 2009	3	36
Minority Interests in Subsidiaries:		
Balance at October 1, 2008 (Note 22)	—	—
Net Change	9,586	97,589
Balance at March 31, 2009	9,586	97,589
Total Equity	**¥2,086,456**	**$21,240,519**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

For the six-month period ended March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Cash Flows from Operating Activities		
Loss before Income Taxes and Minority Interests	¥ (118,120)	$ (1,202,492)
Adjustments for:		
Depreciation	598	6,097
Amortization of Goodwill	2,273	23,147
Losses on Impairment of Long-lived Assets	43	443
Equity in Gains of Affiliates	(988)	(10,059)
Increase in Allowance for Loan Losses	120,060	1,222,235
Decrease in Allowance for Investment Losses	(1,632)	(16,618)
Increase in Accrued Bonuses to Employees	210	2,147
Increase in Accrued Bonuses to Directors and Corporate Auditors	20	213
Increase in Reserve for Employees' Retirement Benefits	89	911
Interest Income	(135,793)	(1,382,405)
Interest Expense	84,118	856,338
Loss on Securities-net	24,651	250,954
Loss on Money Held in Trust-net	1,388	14,132
Foreign Exchanges Gains	(321)	(3,276)
Loss on Sales of Fixed Assets-net	8	84
Net Increase in Loans	(747,836)	(7,613,117)
Net Increase in Debentures	56,748	577,709
Net Increase in Borrowed Money	1,459,394	14,856,908
Net Increase in Corporate Bonds	81,423	828,902
Net Decrease in Due from Banks	165,469	1,684,515
Net Increase in Call Loans	(145,000)	(1,476,127)
Net Increase in Reverse Repurchase Agreements	(218,968)	(2,229,137)
Interest Received	136,689	1,391,521
Interest Paid	(85,080)	(866,138)
Other-net	3,055	31,103
Sub-total	682,500	6,947,988
Payments for Income Taxes	(562)	(5,729)
Net Cash provided by Operating Activities	**681,938**	**6,942,259**
Cash Flows from Investing Activities		
Payments for Purchases of Securities	(1,037,782)	(10,564,817)
Proceeds from Sales of Securities	7,631	77,695
Proceeds from Redemption of Securities	327,769	3,336,757
Payments for Increase of Money Held in Trust	(2,350)	(23,923)
Proceeds from Decrease of Money Held in Trust	41,175	419,176
Payments for Purchases of Tangible Fixed Assets	(144)	(1,471)
Proceeds from Sales of Tangible Fixed Assets	13	135
Payments for Purchases of Intangible Fixed Assets	(591)	(6,018)
Net Cash used in Investing Activities	**(664,277)**	**(6,762,467)**
Cash Flows from Financing Activities		
Proceeds from Issuance of Securities to Minority Shareholders of Subsidiaries	750	7,637
Dividends Paid to Minority Shareholders of Subsidiaries	(54)	(550)
Net Cash provided by Financing Activities	**696**	**7,087**
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	**326**	**3,322**
Net Increase in Cash and Cash Equivalents	**18,683**	**190,201**
Cash and Cash Equivalents at October 1, 2008	**30,080**	**306,224**
Cash and Cash Equivalents at March 31, 2009	**¥ 48,763**	**$ 496,425**

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and Ministerial Ordinance for Accounting of the Development Bank of Japan Inc. (the "DBJ Inc.") and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The amounts indicated in millions of yen are rounded down by omitting the figures less than one million yen. Accordingly, the sum of each amount appearing in the accompanying financial statements and the notes thereto may not be equal to the sum of the individual account balances. Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥98.23=$1.00, the effective exchange rate prevailing as of March 31, 2009, has been used in the conversion. The presentation of such amounts is not intended to imply that Japanese yen amounts have been or could have been readily translated, realized or settled in U.S. dollars at that rate or any other rate.

The financial period of the accompanying financial statements is from October 1, 2008 through March 31, 2009. DBJ Inc. was established on October 1, 2008, as a joint stock corporation under the Development Bank of Japan Inc. Law (Law No. 85 of 2007, as amended) (the "DBJ Inc. Law"). Development Bank of Japan (the "predecessor") contributed all assets and liabilities to DBJ Inc. except for those assets to be assumed by the Japanese Government pursuant to Article 15, Paragraph 2 of the Supplementary Provisions, in exchange for shares of DBJ Inc.'s common stock, and thereafter, upon transferring such shares to the Japanese Government, the predecessor was dissolved on October 1, 2008.

Except for those assets to be assumed by the Japanese Government pursuant to Article 15, Paragraph 2 of the Supplementary Provisions, DBJ Inc. has succeeded substantially all of the rights and obligations of the predecessor pursuant to the DBJ Inc. Law.

2. Summary of Significant Accounting Policies

(a) Principles of Consolidation

(1) Scope of Consolidation

Under the control concept, companies in which DBJ Inc., directly or indirectly, is able to exercise control over operations are fully consolidated. On September 8, 2006, the Accounting Standards Board of Japan ("ASBJ") issued Practical Issues Task Force No. 20, "Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations" which was effective for the period and the fiscal years ending on or after September 8, 2006. The practical solution clarifies how the control and influence concept should be practically applied to the consolidation scope of collective investment vehicles, such as limited partnerships, Tokumei Kumiai and other entities with similar characteristics.

(i) Consolidated Subsidiaries

The number of consolidated subsidiaries as of March 31, 2009 is nine. The Consolidated subsidiaries as of March 31, 2009 are as follows:

DBJ Business Investment Co., Ltd.
DBJ Corporate Mezzanine Partners Co., Ltd.
UDS Corporate Mezzanine Limited Partnership
DBJ Credit Line, Ltd.
New Business Investment Co., Ltd.
New Business Investment No.1 Investment Limited Liability Partnership
DBJ Singapore Limited
Japan Economic Research Institute Inc.
Asuka DBJ Investment LPS

(ii) Non-consolidated Subsidiaries

The number of non-consolidated subsidiaries as of March 31, 2009 is 18. Such subsidiaries as of March 31, 2009 are mainly as follows:

UDS II Corporate Mezzanine Limited Partnership
UDS III Corporate Mezzanine Limited Partnership

Non-consolidated subsidiaries are excluded from the scope of consolidation because such exclusion has no material impact on the consolidated financial statements in terms of total assets, income, net income, retained earnings and deferred hedge gains and losses.

(iii) Entities not considered to be subsidiaries where DBJ Inc. has more than a 50% ownership interest
The number of entities not considered to be subsidiaries where DBJ Inc. has more than a 50% ownership interest as of March 31, 2009 is four. Such entities as of March 31, 2009 are as follows:
ADS Global Partners Ltd.
Sunsay International Technology, Inc.
Dyflex Holdings Co.
Hydro-Device Company, Limited
These entities are excluded from the scope of consolidation since DBJ Inc.'s intent is to nurture the venture business and not to exercise control over their operating and financing policies.

(2) Application of the Equity Method
Under the influence concept, non-consolidated subsidiaries and affiliates over which DBJ Inc. has the ability to exercise significant influence are accounted for by the equity method.

(i) Non-consolidated Subsidiaries accounted for by the Equity Method
The number of non-consolidated subsidiaries not accounted for by the equity method as of March 31, 2009 is 18. Such subsidiaries as of March 31, 2009 are mainly as follows:
UDS II Corporate Mezzanine Limited Partnership
UDS III Corporate Mezzanine Limited Partnership

(ii) Affiliates accounted for by the Equity Method
The number of affiliates accounted for by the equity method as of March 31, 2009 is 13. EBANK Corporation is removed from affiliates. The affiliates accounted for by the equity method as of March 31, 2009 are mainly as follows:
Makuhari Messe, Inc.
Hokkaido International Airlines Co., Ltd.

(iii) Affiliates not accounted for by the Equity Method
The number of affiliates not accounted for by the equity method as of March 31, 2009 is 95. Such affiliates as of March 31, 2009 are mainly as follows:
Urban Redevelopment Private Fund
New Perspective One LLC
Non-consolidated subsidiaries and affiliates that are not accounted for by the equity method have been excluded from the scope of the equity method because their aggregate effect in terms of net income, retained earnings and deferred gains and losses has no material impact on the consolidated financial statements of DBJ Inc.

(iv) Entities not considered to be affiliates where DBJ Inc. has greater than 20% but less than a majority of voting stock
The number of entities not considered to be affiliates where DBJ Inc. has greater than 20% but less than a majority of voting stock as of March 31, 2009 is nine. Such entities as of March 31, 2009 are as follows:
Gordon Brothers Japan Co., Ltd.
Narumi Corporation
Shinwa Seiko Corporation
Mediclude Co., Ltd.
Green Power Investment Corporation
Advangen, Inc.
Vaxiva Biosciences
Asahi Fiber Glass Company, Limited
Takumi Technology Corp.
These entities are not accounted for by the equity method because DBJ Inc.'s intent is to nurture the venture business and not to exercise significant influence on their operating and financing policies.

(3) Balance sheet Dates of Consolidated Subsidiaries

Balance sheet dates of consolidated subsidiaries are as follows:

December 31	4 subsidiaries
March 31	5 subsidiaries

Consolidated subsidiaries are consolidated based on the financial statements that are prepared as of their interim or year-end balance sheet date.

The necessary adjustments are made in the consolidated financial statements to reflect material transactions that occur between the interim or year-end balance sheet date of the subsidiary and the consolidated balance sheet date.

(4) Valuation of Consolidated Subsidiaries' Assets and Liabilities

Assets and liabilities of newly consolidated subsidiaries are measured at fair value at the date of acquisition of control.

(5) Elimination of Intercompany Balances and Transactions

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit resulting from transactions between DBJ Inc. and its consolidated subsidiaries is eliminated.

(6) Amortization of Goodwill

The difference between the fair value of net assets and the cost of the acquired subsidiary is being amortized on a straight-line basis over the estimated beneficial period not exceeding 20 years. Minor differences are charged to income in the year of acquisition.

(b) Cash and Cash Equivalents

"Cash and Cash Equivalents" in the consolidated statements of cash flows consist of cash on hand and due from banks.

The reconciliation between "Cash and Cash Equivalents" and "Cash and Due from Banks" in the consolidated balance sheet is as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
Cash and Due from Banks	¥ 67,521	$ 687,383
Time Deposits with Banks	(18,757)	(190,958)
Cash and Cash Equivalents	¥ 48,763	$ 496,425

(c) Securities

Held-to-maturity debt securities are stated at amortized cost with amortization computed on a straight-line basis, using the weighted average method. Available-for-sale securities with readily available market quotations are stated at market value (cost is calculated principally using the weighted average method). Other securities without market quotations are stated at cost or amortized cost computed using the weighted average method.

Investments in limited partnerships and other similar partnerships are accounted for at their original cost plus DBJ Inc.'s interest in earnings since acquisition and less any dividends received, based on their most recent financial statements.

Unrealized gain and loss on available-for-sale securities are included in equity, net of income taxes.

Securities which are held as trust assets in money held in trust accounts are valued in the same way as other securities.

(d) Valuation Method for Derivative Financial Instruments

All derivative financial instruments are carried at market value. Except for certain derivatives that are designated as hedging instruments as discussed below, gains or losses on derivative transactions are recognized in the statement of operations.

(e) Hedge Accounting

(i) Hedge Accounting

DBJ Inc. applies the deferral method of hedge accounting. Foreign currency swaps which are used to hedge foreign currency fluctuations are not translated at market values but at contractual rates, as the foreign currency swap contracts meet the hedging criteria under the Accounting Standards for Financial Instruments.

(ii) Hedging Instruments and Hedged Items

- Hedging Instruments: Interest Rate Swaps
  Hedged Items: Debentures, Corporate Bonds, Borrowed Money and Loans
- Hedging Instruments: Foreign Currency Swaps
  Hedged Items: Foreign currency denominated Loans, Debentures and Corporate Bonds

(iii) Hedging Policy

DBJ Inc. utilizes hedging instruments to hedge interest rates and foreign currency fluctuations on its assets and liabilities. Individual contracts are drawn for each hedge item.

(iv) Evaluation of Hedge Effectiveness

According to the risk management policy, DBJ Inc. evaluates the effectiveness of the hedges by testing whether the derivatives are effective in reducing the risks associated with the hedged items.

In regards to both interest rate swap contracts which meet the hedging requirements of the accrual method (*1) and foreign currency swap contracts which meet the hedging requirements of the assignment method (*2), under the Accounting Standards for Financial Instruments at the inception date, DBJ Inc. is not required to periodically evaluate their hedge effectiveness.

*1 If interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

*2 In cases where foreign currency swaps are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner;

1) If a foreign currency swap is executed to hedge existing foreign currency assets or liabilities, a) the difference, if any, between the Japanese yen amount of the hedged foreign currency asset or liability translated using the spot rate at the inception date of the contract and the book value of the asset or liability is recognized in the statement of operations in the period which includes the inception date, and b) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.

2) If a foreign currency swap is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the forward foreign exchange contract are recognized.

(f) Fixed Assets

(i) Depreciation of Tangible Fixed Assets

Tangible Fixed Assets of DBJ Inc. are depreciated using the declining-balance method, except for buildings (excluding installed facilities) that are depreciated on a straight-line basis, and depreciation of consolidated subsidiaries is computed principally using the straight-line method based on the estimate durability of assets.

The estimated useful lives are principally as follows:

Buildings:	3 years to 50 years
Others:	4 years to 20 years

(ii) Amortization of Intangible Fixed Assets

Intangible Fixed Assets are amortized using the straight-line method. Capitalized software for internal use is depreciated using the straight-line method based on the estimated useful lives (mainly from 3 to 5 years).

(iii) Lease Assets

Depreciation for lease assets is computed under the straight-line method with zero residual value over the lease term.

(g) Long-lived Assets

DBJ Inc. reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. Impairment losses are recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment losses would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(h) Debentures and Corporate Bonds Issuance Costs

"Debentures and Corporate Bonds Issuance Costs" are charged to income as incurred.

(i) Foreign Currency Translation and Revaluation Method

Assets and liabilities denominated in foreign currencies held by DBJ Inc. have been translated at the exchange rates prevailing as of the balance sheet date.

Foreign currency accounts held by consolidated foreign subsidiaries are translated into the currency of the subsidiaries at the respective year-end exchange rates.

The foreign exchange gains and losses from transaction are recognized in the income statement to the extent that they are not hedged by forward exchange contracts.

The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate.

Differences arising from such transaction were shown as "Foreign Currency Transaction Adjustments" in a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the exchange rate prevailing as of the balance sheet date.

(j) Allowance for Loan Losses

DBJ Inc. provides for "Allowance for Loan Losses" as detailed below pursuant to the internal policies for self-assessment of credit quality and loan losses.

The allowance for claims on debtors who are legally bankrupt, in special liquidation or effectively bankrupt is provided for based on the amount of claims, after the write-off described below, net of amounts expected to be recovered through disposal of collateral or execution of guarantees.

The allowance for claims on debtors who are not legally bankrupt at the moment, but are likely to become bankrupt, and for which future cash flows cannot reasonably be estimated, is provided for at the amount considered to be necessary based on an overall solvency assessment performed on the claims, net of amounts expected to be recovered through disposal of collateral or execution of guarantees.

With respect to the claims on debtors who are likely to become bankrupt or to be closely monitored, and for which future cash flows can reasonably be estimated, the allowance is provided for as the difference between the present value of expected future cash flows discounted at the contracted interest rate and the carrying value of the claims.

The allowance for claims on debtors other than those described above is provided based on the historical default rate, which is calculated based on the actual defaults over a certain historical period.

All claims are assessed initially by the investment and lending departments and then by the Credit Analysis Department, which is independent of the investment and lending departments based on internal policies for self-assessment of credit quality. The allowance is provided for based on the results of the self-assessment.

With respect to the claims on debtors who are legally or substantially bankrupt with collateral or guarantees, the amount of claims exceeding the estimated market values of collateral or guarantees which are deemed uncollectible have been written-off, and totaled ¥51,303 million ($522,277 thousand) for the six-month period ended March 31, 2009.

The consolidated subsidiaries are calculated the general reserve for "normal" categories based on the specific actual historical loss ratio.

(k) Allowance for Investment Losses

"Allowance for Investment Losses" is provided for based on the estimated losses on certain investments based on an assessment of the issuers' financial condition.

(l) Accrued Bonuses to Employees, Directors and Corporate Auditors

"Accrued Bonuses to Employees, Directors and Corporate Auditors" are provided for in the amount of the estimated bonuses which are attributable to the six-month period.

(m) Reserve for Employees' Retirement Benefits

DBJ Inc. has defined benefit pension plans, which consist of a welfare pension fund plan and a lump-sum severance indemnity plan.

"Reserve for Employees' Retirement Benefits" represents future payments for pension and retirement benefits to employees. It is accrued based on the projected benefit obligations and estimated pension plan assets at the six-month period ended. Prior service cost is amortized using the straight-line method over the period of ten years within the employees' average remaining service period at incurrence. Net actuarial gains and losses is amortized using the straight-line method over the period of ten years within the employees' average remaining service period commencing from the next fiscal year after incurrence.

(n) Reserve for Directors' and Corporate Auditors' Retirement Benefits

"Reserve for Directors' and Corporate Auditors' Retirement Benefits" is accrued based on the amount that would be required if all directors and corporate auditors retired at balance sheet date.

(o) Lease Transactions

In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

DBJ Inc. applied the revised accounting standard on October 1, 2008. In addition, DBJ Inc. accounted for leases which existed in the predecessor at March 31, 2008 and were transferred to DBJ Inc. on October 1, 2008, and do not transfer ownership of the leased property to the lessee as operating lease transactions.

(p) Consumption Taxes

Income and expenses subject to consumption taxes exclude related consumption taxes paid or received.

(q) Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statement of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

(r) Per Share Information

Basic Net Income Per Share is computed by dividing net income available to common stockholders by the weighted-average number of shares of common stock outstanding for the period, retroactively adjusted for stock splits. Diluted net income per share for the six-month period ended March 31, 2009 is not disclosed because of no dilutive securities.

3. Securities

Securities as of March 31, 2009 are as follows:

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Japanese Government Bonds	¥ 251,413	$ 2,559,437
Short-term Corporate Bonds	461,514	4,698,302
Corporate Bonds	114,431	1,164,932
Equities	166,537	1,695,381
Other Securities	252,691	2,572,444
	¥1,246,587	$12,690,496

Notes: 1. Investments in unconsolidated subsidiaries and affiliates included in "Equities" as of March 31, 2009 are ¥14,391 million ($146,508 thousand). Investments in unconsolidated subsidiaries and affiliates included in "Other securities" as of March 31, 2009 are ¥38,817 million ($395,173 thousand).

2. DBJ Inc. has contingent liabilities for guarantees of corporate bonds among Securities which were issued by private placement (Article 2 Paragraph 3 of Financial Instruments and Exchange Law) and amount to ¥3,280 million ($33,391 thousand) as of March 31, 2009.

3. There are no securities repledged as of March 31, 2009. Securities accepted under repurchase agreements can be sold or repledged. Securities neither sold nor repledged are ¥375,966 million ($3,827,412 thousand).

4 Other Securities with market value are considered impaired if there is a considerable decline in the market value below the acquisition cost and such decline is not believed to be recoverable. The difference between the acquisition cost and the market value is the losses for the six-month period.

The criterion for determining "Considerable decline in market value" is as follows:

Market value is 50% or more lower than acquisition cost.

Market value is 30% or more lower than acquisition cost, and such decline is not considered as recoverable.

4. Non-performing Loans

The amounts of Non-performing Loans included in "Loans" on the consolidated balance sheets as of March 31, 2009 are as follows:

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Loans to Bankrupt Debtors	¥ 18,967	$ 193,093
Delinquent Loans	116,843	1,189,486
Loans Past Due Three Months or More	23	238
Restructured Loans	56,795	578,185
	¥192,629	$1,961,002

Notes: 1. The amounts of Loans indicated above are stated at gross amounts, before reduction of the allowance for loan losses.

2. "Loans to Bankrupt Debtors" represent non-accrual loans to debtors who are legally bankrupt as defined in Article 96-1-3 and 4 of the Japanese Tax Law Enforcement Regulation.

3. "Delinquent Loans" represent non-accrual loans other than (i) Loans to Bankrupt Debtors and (ii) Loans whose interest payments are deferred in order to assist or facilitate the restructuring efforts of borrowers in financial difficulty.

4. "Loans Past Due Three Months or More" are loans whose principal or interest payment is three months or more past due and do not fall under the category of "Loans to Bankrupt Debtors" or "Delinquent Loans".

5. "Restructured Loans" are loans whose repayment terms have been modified to the advantage of debtors through means such as a reduction or exemption of interest rates, postponement of principal and interest payments, and forgiveness of loans to support or restructure the debtors' businesses, and do not fall under the category of "Loans to Bankrupt Debtors", "Delinquent Loans", or "Loans Past Due Three Months or More".

5. Commitments

Loan commitment limits are contracts under which DBJ Inc. lends to customers up to the prescribed limits in response to customers' application for loans as long as there is no violation of any condition in the contracts. As of March 31, 2009, the amount of unused commitments was ¥266,886 million ($2,716,957 thousand). As of March 31, 2009, the amount of unused commitments whose remaining contract term was within one year was ¥79,128 million ($805,547 thousand).

Since many of these commitments expire without being drawn down, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions whereby DBJ Inc. and its subsidiaries can refuse customers' application for loans or decrease the contract limits for proper reason (e.g., changes in financial situation, deterioration in customers' credit worthiness). At the inception of contracts, DBJ Inc. and its subsidiaries obtains real estate, securities or other assets as collateral if considered necessary. Subsequently, DBJ Inc. and its subsidiaries performs periodic reviews of the customers' business results based on internal rules, and takes necessary measures to reconsider conditions in contracts and/or require additional collateral and guarantees.

6. Other Assets

Other Assets as of March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
Prepaid Expenses	¥ 8,283	$ 84,333
Accrued Income	39,549	402,626
Derivatives	39,052	397,564
Other	1,189	12,107
	¥88,075	$896,630

7. Tangible Fixed Assets

Tangible Fixed Assets as of March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
Buildings	¥ 14,487	$ 147,489
Land	147,396	1,500,520
Leased Assets	160	1,635
Construction in Progress	27	277
Other	303	3,089
	¥162,375	$1,653,011

Notes: Accumulated Depreciation of Tangible Fixed Assets as of March 31, 2009 is ¥432 million ($4,401 thousand).

8. Allowance for Loan Losses

Allowance for Loan Losses as of March 31, 2009 is as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
General Allowance for Loan Losses	¥215,245	$2,191,243
Specific Allowance for Loan Losses	61,443	625,511
	¥276,689	$2,816,754

9. Debentures and Corporate Bonds

Debentures and Corporate Bonds as of March 31, 2009 are as follows:

Description of Debentures and Corporate Bonds	Issue date	Interest rate (%)	Maturity date	Millions of Yen As of March 31, 2009	Thousands of U.S. Dollars (Note 1) As of March 31, 2009
Debentures					
Japanese Government-guaranteed Bonds 1-23*1, 5	Aug. 2000–Aug. 2008	0.8–2.2	Aug. 2010–Jun. 2023	¥ 882,176	$ 8,980,719
Japanese Government-guaranteed Bonds 1-4	Nov. 2008–Feb. 2009	1.4–2.1	Nov. 2018–Feb. 2024	119,672	1,218,284
Japanese Government-guaranteed Foreign Bond 67*2, 5	Sep. 1998	1.81	Sep. 2028	25,079	255,311
Japanese Government-guaranteed Foreign Bonds 1-14*1, 5	Nov. 1999–Nov. 2007	1.05–6.875	Jun. 2010–Nov. 2027	1,035,868	10,545,340
FILP Agency Domestic Bonds 5,7,9-14,16-52*3, 5, 6	Oct. 2002–Aug. 2008	0.57-2.74	Sep. 2009–Mar. 2047	1,314,695 [109,994]	13,383,847 [1,119,764]
FILP Agency Foreign Bond 1*3, 5	Jun.2007	1.65	Jun. 2012	49,952	508,529
Euro MTN Bonds 1-2*3, 4, 5	Sep. 2008	2.032–3.142	Sep. 2010–Sep. 2023	4,153	42,278
Corporate Bonds					
Corporate Bonds 1-2	Dec. 2008	1.116–1.367	Dec. 2011–Dec. 2013	57,000	580,271
Corporate Bonds Euro MTN 1-12*4, 6	Dec. 2008–Mar. 2009	0.68–2.3125	Mar. 2010–Mar. 2014	24,423 [7,100]	248,631 [72,279]
				¥3,513,020 [117,094]	$35,763,211 [1,192,044]

Notes: 1. These bonds are government-guaranteed bonds issued by the Development Bank of Japan.
2. This bond is a government-guaranteed bond issued by the Japan Development Bank.
3. Fiscal Investment and Loan Program (FILP) Agency Bonds issued are not government-guaranteed. These bonds are issued by the Development Bank of Japan.
4. These bonds are non-guaranteed bonds established by EMTN programme.
5. Under the DBJ Inc. Law (Law No. 17 and 26), the DBJ Law (Law No.43), obligations created by the bonds issued by DBJ Inc. are secured by a statutory preferential right over the property of DBJ Inc.
6. Figures indicated in brackets [ ] indicate the amounts to be redeemed within one year.

Scheduled redemptions of Debentures and Corporate Bonds which have been assumed and repaid by DBJ Inc. for subsequent years as of March 31, 2009 are as follows:

The fiscal year ending March 31, 2010	¥117,094 million	$1,192,044 thousand
2011	403,562	4,108,341
2012	522,334	5,317,466
2013	394,837	4,019,519
2014	233,793	2,380,059

10. Borrowed Money

Borrowed Money as of March 31, 2009 is as follows:

	Average interest rate (%)	Due date of repayment	Millions of Yen As of March 31, 2009	Thousands of U.S. Dollars (Note 1) As of March 31, 2009
Borrowings	1.46	Apr. 2009–Mar. 2029	¥8,067,892	$82,132,678

Scheduled redemptions of Borrowings for subsequent years as of March 31, 2009 are as follows:

The fiscal year ending March 31, 2010	¥1,587,053 million	$16,156,506 thousand
2011	855,142	8,705,508
2012	952,316	9,694,760
2013	945,447	9,624,835
2014	797,137	8,115,009

11. Other Liabilities

Other Liabilities as of March 31, 2009 are as follows:

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Accrued Expenses	¥ 33,650	$ 342,573
Unearned Income	1,194	12,162
Accrued Income Taxes	20,109	204,721
Derivatives	112,651	1,146,810
Lease Obligation	287	2,925
Other	1,150	11,707
	¥169,043	$1,720,898

12. Acceptances and Guarantees

Acceptances and Guarantees as of March 31, 2009 are as follows:

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Guarantees	¥157,276	$1,601,101

13. Assets Pledged as Collateral

Loans and Securities pledged as collateral in Real Time Gross Settlement for bank deposits at the Bank of Japan are ¥228,799 million ($2,329,217 thousand) and ¥633,024 million ($6,444,309 thousand), respectively, as of March 31, 2009. Also, ¥2,291 million ($23,324 thousand) of Securities are pledged as collateral for loans of companies which DBJ Inc. invests as of March 31, 2009.

Under the DBJ Inc. Law (Law No. 17 and 26), the DBJ Law (Law No. 43), obligations created by the bonds issued by DBJ Inc. are secured by a statutory preferential right over the property of DBJ Inc. Denomination value of these debentures amounts to ¥3,314,596 million ($33,743,217 thousand).

14. Equity

Since May 1, 2006, Japanese companies including DBJ Inc. have been regulated by the Companies Act. In addition, DBJ Inc. is regulated by DBJ Inc. Law. The significant provisions in the Companies Act and DBJ Inc. Law that affect financial and accounting matters are summarized as follows:

(a) Dividends

Under the Companies Act, companies can distribute dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term in its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year , prescribed that the Board of Directors can declare dividends in its articles of incorporation. DBJ Inc., however, shall not distribute such dividends based on resolution of the Board of Directors, since its article of incorporation is not prescribed that the Board of Directors can do such an action. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The Article 20 of the DBJ Inc. Law provides that the timing and amounts for dividends shall be authorized by the Finance Minister.

(b) Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be set aside as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the dividends until the total aggregate amount of legal reserve and additional paid-in capital equal 25% of Common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be reclassified among the accounts under certain conditions upon resolution by the shareholders.

(c) Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of the treasury stock based on resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the distributable amount to the shareholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. The treasury stock acquisition rights are presented as a separate component of equity or deduction of stock acquisition rights.

(d) Solicitation and Delivery of Shares or Stock Acquisition Rights

The Article 12 of the DBJ Inc. Law regulates that, if DBJ Inc. intends to solicit those who will subscribe for shares or stock acquisition rights offered, or to deliver shares or stock acquisition rights in connection with a share-for-share exchange, DBJ Inc. shall obtain an authorization from the Finance Minister.

15. Per Share Information

Basic Net Loss Per Common Share ("EPS") for the six-month period ended March 31, 2009 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Loss	Weighted Average Shares	EPS	EPS
Basic EPS				
Net Loss Available to Common Shareholders	¥(128,342)	40,000	¥(3,208.55)	$(32.66)

Notes: Diluted net income per share for the six-month period ended March 31, 2009 is not disclosed because there are no dilutive securities.

16. Fees and Commissions (Income)

Fees and Commissions (Income) for the six-month period ended March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
For the six-month period ended March 31	2009	2009
Commissions	¥4,646	$47,298

17. Other Operating Income

Other Operating Income for the six-month period ended March 31, 2009 is as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
For the six-month period ended March 31	2009	2009
Foreign Exchange Gains	¥718	$7,312
Other	0	9
	¥719	$7,321

18. Other Income

Other Income for the six-month period ended March 31, 2009 is as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
For the six-month period ended March 31	2009	2009
Reversal of Allowance for Investment Losses	¥ 308	$ 3,139
Gains on Sales of Equities and Other Securities	3,525	35,887
Gains on Money Held in Trust	1,815	18,479
Equity in Net Income of Affiliates	988	10,059
Gains on Sales of Fixed Assets	0	7
Collection of Written-off Claims	3,316	33,762
Other	3,718	37,858
	¥13,672	$139,192

19. Fees and Commissions (Expenses)

Fees and Commissions (Expenses) for the six-month period ended March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
For the six-month period ended March 31	2009	2009
Commissions	¥142	$1,448
Other	0	1
	¥142	$1,449

20. Other Operating Expenses

Other Operating Expenses for the six-month period ended March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
For the six-month period ended March 31	2009	2009
Debentures Issuance Costs	¥ 368	$ 3,751
Corporate Bonds Issuance Costs	147	1,505
Losses on Derivative Instruments	10,065	102,472
Other	508	5,173
	¥11,090	$112,902

21. Other Expenses

Other Expenses for the six-month period ended March 31, 2009 are as follows:

For the six-month period ended March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Provision for Allowance for Loan Losses	¥125,431	$1,276,913
Write-off of Loans	2,583	26,305
Losses on Sales of Equities and Other Securities	320	3,266
Write-off of Equities	14,558	148,213
Losses on Money Held in Trust	3,203	32,611
Losses on Sales of Fixed Assets	9	92
Impairment Loss	43	443
Other	13,647	138,935
	¥159,798	$1,626,777

22. Consolidated Statement of Changes in Equity

The financial period of this financial statement is from October 1, 2008 through March 31, 2009. DBJ Inc. was established on October 1, 2008, as a joint stock corporation under the DBJ Inc. Law (Law No. 85 of 2007, as amended). The predecessor contributed all assets and liabilities to DBJ Inc. except for those assets to be assumed by the Japanese Government pursuant to Article 15, Paragraph 2 of the Supplementary Provisions, in exchange for shares of DBJ Inc.'s common stock, and thereafter, upon transferring such shares to the Japanese Government, the predecessor was dissolved on October 1, 2008. Valuation of Assets and Liabilities evaluated by evaluation officers (*hyoka iin*) pursuant to Article 16 of the Supplementary Provisions on the DBJ Inc. Law is as follows:

As of October 1, 2008	Millions of Yen	Thousands of U.S. Dollars
Assets	¥12,414,193	$116,565,194

As of October 1, 2008	Millions of Yen	Thousands of U.S. Dollars
Liabilities	¥10,256,477	$96,304,957
Equity	2,157,715	20,260,237
	¥12,414,193	$116,565,194

Notes: Valuation of Assets, Liabilities and Equity succeeded from the predecessor on October 1, 2008 is converted at the rate of ¥106.50=$1.00 as of October 1, 2008.

23. Employees' Retirement Benefits

Employees whose service with DBJ Inc. is terminated are, under most circumstances, entitled to retirement and pension benefits determined by reference to basic rates of pay at the time of termination, length of service and conditions under which the termination occurs. If the termination is involuntary, caused by retirement at the mandatory retirement age or caused by death, the employee is entitled to greater payment than in the case of voluntary termination.

Reserve for Employee Retirement Benefits as of March 31, 2009 consisted of the following:

(a) The Funded Status of the Pension Plans

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Projected Benefit Obligation	¥(45,541)	$(463,619)
Fair Value of Plan Assets	11,448	116,548
Unfunded Pension Obligation	(34,092)	(347,071)
Unrecognized Net Actuarial Losses	1,991	20,276
Unrecognized Prior Service Cost	50	514
Reserve for Employees' Retirement Benefits	¥(32,050)	$(326,282)

Notes: 1. The above Projected Benefit Obligations include a portion in which the pension fund manages on behalf of the Japanese Government welfare program.
2. Reserve for Employees' Retirement Benefits includes the benefits for executive directors and corporate auditors in the six-month period ended March 31, 2009.
3. Certain subsidiaries apply the simplified method for the calculation of liability for employees' retirement benefits.

(b) Components of Pension Cost

For the six-month period ended March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Service Cost	¥ 698	$ 7,111
Interest Cost	450	4,581
Expected Return on Plan Assets	(32)	(333)
Amortization of Prior Service Cost	0	4
Net Pension Cost	¥1,116	$11,364

Notes: All retirement benefit costs are classified as service cost for the subsidiaries applying the simplified method.

(c) Principal Assumptions Used

	As of March 31, 2009
Discount Rate	2.0%
Expected Rate of Return on Plan Assets	0.5%
Amortization Period of Prior Service Cost	10 Years
Amortization Period of Actuarial Gains/Losses	10 Years

24. Lease Transactions

DBJ Inc. and its domestic consolidated subsidiaries lease certain equipment and others.

Lease payments under finance leases for the six-month period ended March 31, 2009 amounted to ¥146 million ($1,493 thousand).

For the six-month period ended March 31, 2009, DBJ Inc. recorded an impairment loss of ¥5 million ($55 thousand) on certain leased property held under finance leases that do not transfer ownership and an allowance for impairment loss on leased property, which is included in Other Liabilities.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense and interest expense for finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the six-month period ended March 31, 2009 is as follows:

	Millions of Yen		
	2009		
As of March 31	Tangible Fixed Assets	Intangible Fixed Assets	Total
Acquisition Cost	¥514	¥254	¥ 768
Accumulated Depreciation	(94)	(37)	(131)
Accumulated Impairment Losses	(5)	—	(5)
Net leased property	¥414	¥216	¥ 631

	Thousands of U.S. Dollars (Note 1)		
	2009		
As of March 31	Tangible Fixed Assets	Intangible Fixed Assets	Total
Acquisition Cost	$5,237	$2,586	$ 7,823
Accumulated Depreciation	(959)	(381)	(1,341)
Accumulated Impairment Losses	(54)	—	(54)
Net leased property	$4,224	$2,205	$ 6,429

Pro forma amounts of obligations under finance leases as of March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
Due within One Year	¥238	$2,425
Due after One Year	406	4,142
	¥645	$6,567

Pro forma amounts of depreciation expense, interest expense and impairment loss under finance leases for the six-month period ended March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
Depreciation Expense	¥141	$1,437
Interest Expense	6	67
	147	1,504
Impairment Loss	5	55

Notes: 1. Depreciation expense is calculated using the straight-line method, assuming that useful life is equal to the lease term and that the residual value at the end of the lease term is zero.
2. The difference between total lease payments and the assumed acquisition cost of leased assets is charged to assumed interest expense and is allocated to each fiscal year using the interest method.

The minimum rental commitments under non-cancelable operating leases as of March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
Due within One Year	¥173	$1,767
Due after One Year	109	1,115
	¥283	$2,882

25. Income Taxes

DBJ Inc. and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.69% for the six-month period ended March 31, 2009.

A reconciliation of the actual effective tax rate with the normal effective statutory tax rate for the six-month period ended March 31, 2009 is as follows:

	For the six-month period ended March 31, 2009
Normal Effective Statutory Tax Rate	40.69%
Increase (Decrease) in Taxes Resulting From:	
Change in Valuation Allowance	(50.66)
Amortization of Goodwill	(0.78)
Minority Interests in Net Income of Subsidiaries	0.34
Other	(1.04)
Actual Effective Tax Rate	(11.45%)

The tax effects of significant temporary differences and losses carryforwards which resulted in deferred tax assets and liabilities as of March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
Deferred Tax Assets:		
Allowance for Loan Losses	¥ 128,030	$ 1,303,371
Losses from Revaluation of Securities	21,317	217,020
Reserve for Retirement Benefits	13,041	132,763
Allowance for Investment Losses	3,715	37,820
Tax Loss Carryforwards	3,227	32,853
Unrealized Loss on Available-for-sale Securities	1,690	17,205
Other	5,500	55,996
Sub Total	176,521	1,797,027
Less—Valuation Allowance	(136,373)	(1,388,305)
Total	¥ 40,148	$ 408,722
Deferred Tax Liabilities:		
Deferred Gains or Losses on Hedges	¥ (12,246)	$ (124,668)
Other	(30)	(311)
Total	(12,276)	(124,979)
Net Deferred Tax Assets	¥ 27,872	$ 283,743

26. Segment Information

(a) Segment Information by Type of Business

DBJ Inc. and its consolidated subsidiaries are engaged in business such as private equity investment and fund management and other activities as well as banking business. Such segment information, however, is not presented, as the percentages of those activities are insignificant.

(b) Segment Information by Geographic Area

Segment information classified by geographic area is not presented, as there are no consolidated subsidiaries or offices located in countries or areas other than Japan.

(c) Ordinary Income from Overseas Entities

Ordinary income from overseas entities is omitted because the amount is below ten percent of the consolidated ordinary income.

27. Derivative Transactions

1. Details Related to Transactions

(a) Details of Transactions

DBJ Inc. utilizes derivative financial instruments, which comprise interest rate swaps, currency swaps, forward foreign exchange contracts and credit default options.

(b) Policy for Derivative Transactions

DBJ Inc. utilizes interest rate swaps, currency swaps and forward foreign exchange contracts to reduce its exposure to market risks from fluctuations in interest rates and foreign currency exchange rates, and to respond to the customers' financial needs. DBJ Inc. does not hold or issue derivative financial instruments for trading purposes.

DBJ Inc. also utilizes credit default options as part of its "acceptances and guarantees on customers' debt" business within the limit of a certain definite amount of risk.

(c) Risks Involved in Derivative Transactions

Derivatives involve the following risks:

(i) Market Risk

Potential losses from changes in the market value of financial products due to fluctuations in interest rates or exchange rates.

(ii) Credit Risk

Potential losses from the failure of a counterparty to perform its obligations in accordance with the terms and conditions of the contract governing the transaction due to the counterparty's bankruptcy or deteriorating business conditions.

With regards to derivative transactions for hedging purpose, the market risk on derivatives is offset against the hedged transactions. As for credit risk, DBJ Inc. limits the counterparty to financial institutions highly rated by the credit rating agencies, and constantly monitors the cost of restructuring its transactions and creditworthiness of each counterparty. In addition, DBJ Inc. transacts with multiple counterparties to reduce credit risk. With regards to credit derivative transactions, DBJ Inc. holds credit risk of target debt itself in the transaction.

(d) Risk Management Policies for Derivatives

The Treasury Department enters into and the ALM and Risk Management Department monitors derivative transactions in accordance with the internal management policy, which defines the authorization procedures, including pre-approval by authorized personnel, and limits on derivative transactions. Also, total contract amount, total amount of risk, market value, and total amount of counterparties' credit risk in the derivative transactions are reported to the directors in charge periodically.

(e) Supplementary explanation on Market Value of Derivatives

It should be noted that 'Contract Value' represents nominal contract value or notional principal amount used in determining the value of receipts or payments of interest, but this does not necessarily reflect the risks of derivative transactions themselves.

2. Information on Market Value of Derivatives

The market values of derivatives as of March 31, 2009 are as follows:

(a) Interest Rate-related Transactions

	Millions of Yen			
	2009			
	Contract Value			
As of March 31	Total	Over one year	Market Value	Unrealized Gains (Losses)
Over-the-Counter				
Swaps				
Receive Fixed/ Pay Float	¥191,015	¥191,015	¥ 6,584	¥ 6,584
Receive Float/ Pay Fixed	189,090	189,090	(2,169)	(2,169)
	—	—	¥ 4,415	¥ 4,415

	Thousands of U.S. Dollars (Note 1)			
	2009			
	Contract Value			
As of March 31	Total	Over one year	Market Value	Unrealized Gains (Losses)
Over-the-Counter				
Swaps				
Receive Fixed/ Pay Float	$1,944,569	$1,944,569	$ 67,035	$ 67,035
Receive Float/ Pay Fixed	1,924,972	1,924,972	(22,081)	(22, 081)
	—	—	$ 44,954	$ 44,954

Notes: 1. The above transactions are marked to market and changes in unrealized gains (losses) are included in the Consolidated Statement of Operations. Derivative transactions qualifying for hedge accounting are excluded from the tables above.
2. Market values for the over-the-counter transactions are based primarily on discounted present values.

(b) Currency-related Transactions

	Millions of Yen			
	2009			
	Contract Value			
As of March 31	Total	Over one year	Market Value	Unrealized Gains (Losses)
Over-the-Counter				
Swaps	¥112,742	¥97,497	¥(3,877)	¥(3,877)
Forwards				
Sold	43,118	—	(503)	(503)
Bought	6,555	—	86	86
	—	—	¥(4,295)	¥(4,295)

	Thousands of U.S. Dollars (Note 1)			
	2009			
	Contract Value			
As of March 31	Total	Over one year	Market Value	Unrealized Gains (Losses)
Over-the-Counter				
Swaps	$1,147,740	$992,543	$(39,475)	$(39,475)
Forwards				
Sold	438,959	—	(5,129)	(5,129)
Bought	66,737	—	876	876
	—	—	$(43,728)	$(43,728)

Notes: 1. The above transactions are marked to market and changes in unrealized gains (losses) are included in the Consolidated Statement of Operations. Derivative transactions qualifying for hedge accounting are excluded from the tables above.
2. Market values for the over-the-counter transactions are based primarily on discounted present values.

(c) Credit Derivatives Transactions

	Millions of Yen			
	2009			
	Contract Value			Unrealized Gains
As of March 31	Total	Over one year	Market Value	(Losses)
Over-the-Counter				
Credit Default Options				
Sold	¥861,210	¥446,610	¥(17,874)	¥(17,874)
Bought	451,100	56,000	680	680
	—	—	¥(17,193)	¥(17,193)

	Thousands of U.S. Dollars (Note 1)			
	2009			
	Contract Value			Unrealized Gains
As of March 31	Total	Over one year	Market Value	(Losses)
Over-the-Counter				
Credit Default Options				
Sold	$8,767,283	$4,546,577	$(181,964)	$(181,964)
Bought	4,592,283	570,091	6,933	6,933
	—	—	$(175,032)	$(175,032)

Notes: 1. The above transactions are marked to market and changes in unrealized gains (losses) are included in the Consolidated Statement of Operations.
2. Market values are based on the counterparties' tendered price.
3. 'Sold' means the underwriting of credit risk and 'Bought' means the transferring of credit risk.

28. Market Value of Securities and Money Held in Trust

Market value of Securities, Money held in Trust and Negotiable Certificate of Deposit classified as "Cash and Due from banks" as of March 31, 2009 are summarized below.

1. Securities

(a) Held-to-maturity Debt Securities with market values

	Millions of Yen				
	2009				
			Unrealized Gains (Losses)		
As of March 31	Book Value	Market Value	Net	Gains	(Losses)
Japanese Government Bonds	¥ —	¥ —	¥ —	¥ —	¥ —
Japanese Local Government Bonds	—	—	—	—	—
Short-term Corporate Bonds	—	—	—	—	—
Corporate Bonds	54,059	51,095	(2,963)	197	(3,161)
Other	98,230	97,857	(372)	—	(372)
	¥152,289	¥148,953	¥(3,336)	¥197	¥(3,533)

	Thousands of U.S. Dollars (Note 1)				
	2009				
			Unrealized Gains (Losses)		
As of March 31	Book Value	Market Value	Net	Gains	(Losses)
Japanese Government Bonds	$ —	$ —	$ —	$ —	$ —
Japanese Local Government Bonds	—	—	—	—	—
Short-term Corporate Bonds	—	—	—	—	—
Corporate Bonds	550,337	520,165	(30,172)	2,010	(32,182)
Other	1,000,000	996,210	(3,790)	—	(3,790)
	$1,550,337	$1,516,375	$(33,962)	$2,010	$(35,972)

Notes: Market value is based on the closing price at the period end.

(b) Available-for-sale Securities with market values

As of March 31	Millions of Yen 2009 Acquisition Cost	Market / Book Value	Unrealized Gains (Losses) Net	Gains	(Losses)
Equities	¥ 28,159	¥ 24,628	¥(3,530)	¥139	¥(3,669)
Bonds	713,681	714,410	728	774	(46)
Japanese Government Bonds	250,670	251,413	743	772	(29)
Japanese Local Government Bonds	—	—	—	—	—
Short-term Corporate Bonds	461,514	461,514	—	—	—
Corporate Bonds	1,496	1,482	(14)	2	(16)
Other	5,407	4,492	(914)	—	(914)
	¥747,247	¥743,531	¥(3,716)	¥914	¥(4,630)

As of March 31	Thousands of U.S. Dollars (Note 1) 2009 Acquisition Cost	Market / Book Value	Unrealized Gains (Losses) Net	Gains	(Losses)
Equities	$ 286,665	$ 250,722	$(35,943)	$1,416	$(37,360)
Bonds	7,265,413	7,272,832	7,419	7,889	(470)
Japanese Government Bonds	2,551,871	2,559,437	7,566	7,866	(300)
Japanese Local Government Bonds	—	—	—	—	—
Short-term Corporate Bonds	4,698,302	4,698,302	—	—	—
Corporate Bonds	15,240	15,093	(147)	23	(170)
Other	55,046	45,738	(9,309)	—	(9,309)
	$7,607,124	$7,569,291	$(37,833)	$9,306	$(47,139)

Notes: Book value above represents the market values determined based on the closing price at the six-month period.

(c) Available-for-sale Securities sold

As of March 31	Millions of Yen 2009 Proceeds from Sales	Total amount of Gains on Sales	Total amount of Losses of Sales
Available-for-sale Securities	¥6,170	¥3,415	¥327

As of March 31	Thousands of U.S. Dollars (Note 1) 2009 Proceeds from Sales	Total amount of Gains on Sales	Total amount of Losses of Sales
Available-for-sale Securities	$62,813	$34,772	$3,339

(d) Held-to-maturity Debt Securities and Available-for-sale Securities whose market values are not readily determinable

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Held-to-maturity Debt Securities		
Unlisted Corporate Bonds	¥ 54,424	$ 554,053
Available-for-sale Securities		
Unlisted Equities	127,478	1,297,758
Unlisted Corporate Bonds	4,464	45,449
Unlisted Foreign Securities	46,721	475,629
Negotiable Certificate of Deposit	10,158	103,410
Other	64,468	656,298
	¥307,715	$3,132,597

(e) Redemption Schedule of Available-for-sale Securities with maturities and Held-to-maturity Debt Securities

	Millions of Yen			
	2009			
	Maturity			
As of March 31	Within 1 year	1 to 5 years	5 to 10 years	More than 10 years
Bonds				
Japanese Government Bonds	¥174,956	¥ 76,457	¥ —	¥ —
Short-term Corporate Bonds	461,514	—	—	—
Corporate Bonds	14,079	75,386	21,965	1,000
Other	10,000	7	98,245	—
	¥660,550	¥151,850	¥120,211	¥1,000

	Thousands of U.S. Dollars (Note 1)			
	2009			
	Maturity			
As of March 31	Within 1 year	1 to 5 years	5 to 10 years	More than 10 years
Bonds				
Japanese Government Bonds	$1,781,090	$ 778,347	$ —	$ —
Short-term Corporate Bonds	4,698,302	—	—	—
Corporate Bonds	143,331	767,447	223,613	10,180
Other	101,802	76	1,000,159	—
	$6,724,526	$1,545,870	$1,223,772	$10,180

2. Money Held in Trust

(a) Money Held in Trust for the Purpose of Investment

	Millions of Yen	
	2009	
As of March 31	Book Value	Net Unrealized Loss on the Consolidated Statement of Operations
Money Held in Trust for the Purpose of Investment	¥12	¥(1)

	Thousands of U.S. Dollars (Note 1)	
	2009	
As of March 31	Book Value	Net Unrealized Loss on the Consolidated Statement of Operations
Money Held in Trust for the Purpose of Investment	$129	$(20)

(b) Other (other than for the purpose of investment and held to maturity)

	Millions of Yen				
	2009				
			Unrealized Gains (Losses)		
As of March 31	Acquisition Cost	Market / Book Value	Net	Gains	(Losses)
Other Money Held in Trust	¥28,074	¥24,860	¥(3,213)	¥5	¥(3,219)

	Thousands of U.S. Dollars (Note 1)				
	2009				
			Unrealized Gains (Losses)		
As of March 31	Acquisition Cost	Market / Book Value	Net	Gains	(Losses)
Other Money Held in Trust	$285,803	$253,089	$(32,715)	$55	$(32,770)

3. Unrealized Loss on Available-for-sale Securities

The breakdown of Unrealized Loss on Available-for-sale Securities is as follows:

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Unrealized Loss on		
Available-for-sale Securities	¥(3,254)	$(33,129)
Other Money Held in Trust	5	55
Add: Deferred Tax Assets	1,631	16,606
	(1,617)	(16,468)
Amount corresponding to Minority Interests	(46)	(471)
DBJ Inc.'s interest in net unrealized gains on available-for-sale securities held by affiliates accounted for by the equity method	(3)	(40)
Unrealized Loss on		
Available-for-sale Securities, Net of Taxes	¥(1,667)	$(16,980)

Notes: Unrealized loss includes foreign currency translation adjustments on non-marketable securities denominated in foreign currency.

29. Related Party Transactions

Related Party Transactions for the six-month period ended March 31, 2009 are as follows:

				Amounts of the Transactions		Balance at March 31, 2009	
Related Party	Category	Description	Account Item	Millions of Yen	Thousands of U.S. Dollars (Note 1)	Millions of Yen	Thousands of U.S. Dollars (Note 1)
Finance Minister	Shareholder	Borrowings	Borrowed Money *1	¥ 247,700	$ 2,521,633	¥6,037,140	$61,459,235
		Repayments		601,214	6,120,475		
		Payment for Interest	Accrued Amount Payable	54,550	555,333	22,429	228,332
		Guarantees *2	—	2,072,206	21,095,455	—	—

Notes: 1. The interest rate of Borrowed Money is from 0.00% to 4.75%, and the last redemption period is March 20, 2029.
2. The Guarantees are for Debentures issued by DBJ Inc.

Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Development Bank of Japan Inc.:

We have audited the accompanying consolidated balance sheet of Development Bank of Japan Inc. and consolidated subsidiaries (the "Bank") as of March 31, 2009, and the related consolidated statements of operations, changes in equity, and cash flows for the six-month period then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Development Bank of Japan Inc. and consolidated subsidiaries as of March 31, 2009, and the consolidated results of their operations and their cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 22, 2009

Member of
Deloitte Touche Tohmatsu

Non-Consolidated Balance Sheet

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Assets		
Cash and Due from Banks	¥ 58,386	$ 594,388
Call Loans	145,000	1,476,127
Reverse Repurchase Agreements (Note 3)	375,966	3,827,412
Money Held in Trust	23,981	244,137
Securities (Notes 3, 10 and 11)	1,226,683	12,487,872
Loans (Notes 4 and 11)	12,026,675	122,433,833
Other Assets (Note 6)	88,436	900,298
Tangible Fixed Assets (Note 7)	162,367	1,652,930
Intangible Fixed Assets	4,573	46,562
Deferred Tax Assets (Note 23)	27,915	284,187
Customers' Liabilities for Acceptances and Guarantees (Note 10)	160,276	1,631,642
Allowance for Loan Losses (Note 8)	(273,813)	(2,787,468)
Allowance for Investment Losses	(9,015)	(91,775)
Total Assets	**¥14,017,435**	**$142,700,145**

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Liabilities and Equity		
Liabilities		
Debentures	¥ 3,431,597	$ 34,934,309
Borrowed Money	8,064,872	82,101,934
Corporate Bonds	81,423	828,902
Other Liabilities (Notes 9 and 21)	169,143	1,721,909
Accrued Bonuses to Employees	2,217	22,575
Accrued Bonuses to Directors and Corporate Auditors	20	213
Reserve for Employees' Retirement Benefits	32,023	326,001
Reserve for Directors' and Corporate Auditors' Retirement Benefits	11	122
Acceptances and Guarantees (Note 10)	160,276	1,631,642
Total Liabilities	**11,941,586**	**121,567,607**
Equity		
Common Stock authorized, 160,000 thousand shares; issued, 40,000 thousand shares (Note 12)	1,000,000	10,180,189
Capital Surplus (Note 12)	1,157,715	11,785,760
Deficit (Note 12)	(97,248)	(990,012)
Unrealized Loss on Available-for-sale Securities	(2,425)	(24,696)
Deferred Gain on Derivatives under Hedge Accounting	17,808	181,297
Total Equity	**2,075,849**	**21,132,538**
Total Liabilities and Equity	**¥14,017,435**	**$142,700,145**

See accompanying Notes to Non-Consolidated Financial Statements.

Non-Consolidated Statement of Operations

For the six-month period ended March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Income		
Interest Income	¥ 135,733	$ 1,381,790
Interest on Loans	131,160	1,335,234
Interest and Dividends on Securities	4,064	41,375
Interest on Call Loans	14	150
Interest on Reverse Repurchase Agreements	387	3,943
Interest on Due from Banks	106	1,089
Fees and Commissions (Note 14)	4,626	47,097
Other Operating Income (Note 15)	632	6,438
Other Income (Note 16)	10,873	110,695
Total Income	**151,865**	**1,546,020**
Expenses		
Interest Expense	83,995	855,086
Interest on Debentures	25,991	264,596
Interest on Borrowed Money	55,906	569,139
Interest on Corporate Bonds	216	2,204
Interest on Swaps (net)	1,880	19,141
Other Interest Expense	0	7
Fees and Commissions (Note 17)	140	1,426
Other Operating Expenses (Note 18)	10,730	109,235
General and Administrative Expenses	15,225	154,998
Other Expenses (Note 19)	157,476	1,603,140
Total Expenses	**267,567**	**2,723,884**
Loss before Income Taxes	**(115,701)**	**(1,177,864)**
Income Taxes (Note 23)		
Current	20,016	203,772
Deferred	(6,490)	(66,077)
Total Income Taxes	**13,525**	**137,695**
Net Loss	**¥(129,227)**	**$(1,315,559)**

	Yen	U.S. Dollars (Note 1)
Per Share of Common Stock (Note 13)		
Basic Net Loss	¥(3,230.68)	$ (32.89)

See accompanying Notes to Non-Consolidated Financial Statements.

Non-Consolidated Statement of Changes in Equity

For the six-month period ended March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Common Stock:		
Balance at October 1, 2008 (Note 20)	¥1,000,000	$10,180,189
Balance at March 31, 2009	1,000,000	10,180,189
Capital Surplus:		
Balance at October 1, 2008 (Note 20)	1,157,715	11,785,760
Balance at March 31, 2009	1,157,715	11,785,760
Deficit:		
Balance at October 1, 2008 (Note 20)	—	—
The Amount of Tax Effect Adjustment due to Change in Legal Structure	31,978	325,547
Net Loss	(129,227)	(1,315,559)
Balance at March 31, 2009	(97,248)	(990,012)
Unrealized Loss on Available-for-sale Securities:		
Balance at October 1, 2008 (Note 20)	—	—
Net Change	(2,425)	(24,696)
Balance at March 31, 2009	(2,425)	(24,696)
Deferred Gain on Derivatives under Hedge Accounting:		
Balance at October 1, 2008 (Note 20)	—	—
Net Change	17,808	181,297
Balance at March 31, 2009	17,808	181,297
Total Equity	**¥2,075,849**	**$21,132,538**

See accompanying Notes to Non-Consolidated Financial Statements.

Notes to Non-Consolidated Financial Statements

1. Basis of Presentation

The accompanying non-consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and Ministerial Ordinance for Accounting of the Development Bank of Japan Inc. (the "DBJ Inc.") and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

As consolidated statements of cash flows and certain disclosures are presented in the consolidated financial statements of DBJ Inc., non-consolidated statement of cash flows and certain disclosures are not presented herein in accordance with accounting principles generally accepted in Japan.

In preparing these non-consolidated financial statements, certain reclassifications and rearrangements have been made to DBJ Inc.'s financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The amounts indicated in millions of yen are rounded down by omitting the figures less than one million yen. Accordingly, the sum of each amount appearing in the accompanying financial statements and the notes thereto may not be equal to the sum of the individual account balances. Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of ¥98.23=$1.00, the effective exchange rate prevailing as of March 31, 2009, has been used in the conversion. The presentation of such amounts is not intended to imply that Japanese yen amounts have been or could have been readily translated, realized or settled in U.S. dollars at that rate or any other rate.

The financial period of the accompanying financial statements is from October 1, 2008 through March 31, 2009. DBJ Inc. was established on October 1, 2008, as a joint stock corporation under the Development Bank of Japan Inc. Law (Law No. 85 of 2007, as amended) (the "DBJ Inc. Law"). Development Bank of Japan (the "predecessor") contributed all assets and liabilities to DBJ Inc. except for those assets to be assumed by the Japanese Government pursuant to Article 15, Paragraph 2 of the Supplementary Provisions, in exchange for shares of DBJ Inc.'s common stock, and thereafter, upon transferring such shares to the Japanese Government, the predecessor was dissolved on October 1, 2008.

Except for those assets to be assumed by the Japanese Government pursuant to Article 15, Paragraph 2 of the Supplementary Provisions, DBJ Inc. has succeeded substantially all of the rights and obligations of the predecessor pursuant to the DBJ Inc. Law.

2. Summary of Significant Accounting Policies

(a) Securities

Held-to-maturity debt securities are stated at amortized cost with amortization computed on a straight-line basis, using the weighted average method. Investments in subsidiaries and affiliates are stated at cost computed using the weighted average method. Available-for-sale securities with readily available market quotations are stated at market value (cost is calculated principally using the weighted average method). Other securities without market quotations are stated at cost or amortized cost computed using the weighted average method.

Investments in limited partnerships and other similar partnerships are accounted for at their original cost plus DBJ Inc.'s interests in earnings since acquisition and less any dividends received, based on their most recent financial statements. However, regarding certain investments in limited partnerships, assets and liabilities are recorded in proportion to DBJ Inc.'s underlying interests based on their most recent financial statements.

Unrealized gain and loss on available-for-sale securities are included in equity, net of income taxes.

Securities which are held as trust assets in Money Held in Trust accounts are valued in the same way as other securities.

(b) Valuation Method for Derivative Financial Instruments

All derivative financial instruments are carried at market value. Except for certain derivatives that are designated as hedging instruments as discussed below, gains or losses on derivative transactions are recognized in the statements of operations.

(c) Hedge Accounting

(i) Hedge Accounting

DBJ Inc. applies the deferral method of hedge accounting. Foreign currency swaps which are used to hedge the foreign currency fluctuations are not translated at market values but at contractual rates, as the foreign currency swap contracts meet the hedging criteria under the Accounting Standards for Financial Instruments.

(ii) Hedging Instruments and Hedged Items

- Hedging Instruments: Interest Rate Swaps
  Hedged Items: Debentures, Corporate Bonds, Borrowed Money and Loans
- Hedging Instruments: Foreign Currency Swaps
  Hedged Items: Foreign currency denominated Loans, Debentures and Corporate Bonds

(iii) Hedging Policy
DBJ Inc. utilizes hedging instruments to hedge interest rates and foreign currency fluctuations on its assets and liabilities. Individual contracts are drawn for each hedge item.

(iv) Evaluation of Hedge Effectiveness
According to the risk management policy, DBJ Inc. evaluates the effectiveness of the hedges by testing whether the derivatives are effective in reducing the risks associated with the hedged items.

In regards to both interest rate swap contracts which meet the hedging requirements of the accrual method (*1) and foreign currency swap contracts which meet the hedging requirements of the assignment method (*2) under the Accounting Standards for Financial Instruments at the inception date, DBJ Inc. is not required to periodically evaluate their hedge effectiveness.

*1 If interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

*2 In cases where foreign currency swaps are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner;

1) If a foreign currency swap is executed to hedge existing foreign currency assets or liabilities, a) the difference, if any, between the Japanese yen amount of the hedged foreign currency asset or liability translated using the spot rate at the inception date of the contract and the book value of the asset or liability is recognized in the statement of operations in the period which includes the inception date, and b) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.

2) If a foreign currency swap is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the forward foreign exchange contract are recognized.

(d) Fixed Assets

(i) Depreciation of Tangible Fixed Assets
Tangible Fixed Assets are depreciated using the declining-balance method, except for buildings (excluding installed facilities) that are depreciated on a straight-line basis.

The estimated useful lives are principally as follows:

Buildings:	3 years to 50 years
Others:	4 years to 20 years

(ii) Amortization of Intangible Fixed Assets
Intangible Fixed Assets are amortized using the straight-line method. Capitalized software for internal use is depreciated using the straight-line method based on the estimated useful lives (from 3 to 5 years).

(iii) Lease Assets
Depreciation for lease assets is computed under the straight-line method with zero residual value over the lease term.

(e) Long-lived Assets

DBJ Inc. reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. Impairment losses are recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment losses would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(f) Debentures and Corporate Bonds Issuance Costs

"Debentures and Corporate Bonds Issuance Costs" are charged to income as incurred.

(g) Foreign Currency Translation and Revaluation Method

Assets and liabilities denominated in foreign currencies held by DBJ Inc. have been translated at the exchange rates prevailing as of the balance sheet date, except for subsidiary stocks translated at the exchange rates of acquisition.

The foreign exchange gains and losses from transaction are recognized in the income statement to the extent that they are not hedged by forward exchange contracts.

(h) Allowance for Loan Losses

DBJ Inc. provides for "Allowance for Loan Losses" as detailed below pursuant to the internal policies for self-assessment of credit quality and loan losses.

The allowance for claims on debtors who are legally bankrupt, in special liquidation or effectively bankrupt is provided for based on the amount of claims, after the write-off described below, net of amounts expected to be recovered through disposal of collateral or execution of guarantees.

The allowance for claims on debtors who are not legally bankrupt at the moment, but are likely to become bankrupt, and for which future cash flows cannot reasonably be estimated, is provided for at the amount considered to be necessary based on an overall solvency assessment performed on the claims, net of amounts expected to be recovered through disposal of collateral or execution of guarantees.

With respect to the claims on debtors who are likely to become bankrupt or to be closely monitored, and for which future cash flows can reasonably be estimated, the allowance is provided for as the difference between the present value of expected future cash flows discounted at the contracted interest rate and the carrying value of the claims.

The allowance for claims on debtors other than those described above is provided based on the historical default rate, which is calculated based on the actual defaults over a certain historical period.

All claims are assessed initially by the investment and lending departments and then by the Credit Analysis Department, which is independent of the investment and lending departments based on internal policies for self-assessment of credit quality. The allowance is provided for based on the results of the self-assessment.

With respect to the claims on debtors who are legally or substantially bankrupt with collateral or guarantees, the amount of claims exceeding the estimated market values of collateral or guarantees which are deemed uncollectible have been written-off, and totaled ¥51,303 million ($522,277 thousand) for the six-month period ended March 31, 2009.

(i) Allowance for Investment Losses

"Allowance for Investment Losses" is provided for based on the estimated losses on certain investments based on an assessment of the issuers' financial condition.

(j) Accrued Bonuses to Employees, Directors and Corporate Auditors

"Accrued Bonuses to Employees, Directors and Corporate Auditors" are provided for in the amount of the estimated bonuses which are attributable to the six-month period.

(k) Reserve for Employees' Retirement Benefits

DBJ Inc. has defined benefit pension plans, which consist of a welfare pension fund plan and a lump-sum severance indemnity plan.

"Reserve for Employees' Retirement Benefits" represents future payments for pension and retirement benefits to employees. It is accrued based on the projected benefit obligations and estimated pension plan assets at the six-month period ended. Prior service cost is amortized using the straight-line method over the period of ten years within the employees' average remaining service period at incurrence. Net actuarial gains and losses is amortized using the straight-line method over the period of ten years within the employees' average remaining service period commencing from the next fiscal year after incurrence.

(l) Reserve for Directors' and Corporate Auditors' Retirement Benefits

"Reserve for Directors' and Corporate Auditors' Retirement Benefits" is accrued based on the amount that would be required if all directors and corporate auditors retired at balance sheet date.

(m) Lease Transactions

In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

DBJ Inc. applied the revised accounting standard on October 1, 2008. In addition, DBJ Inc. accounted for leases which existed in the predecessor at March 31, 2008 and were transferred to DBJ Inc. on October 1, 2008, and do not transfer ownership of the leased property to the lessee as operating lease transactions.

(n) Consumption Taxes

Income and expenses subject to consumption taxes exclude related consumption taxes paid or received.

(o) Income Taxes

The provision for income taxes is computed based on the pretax income included in the statement of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

(p) Per Share Information

Basic Net Income Per Share is computed by dividing net income available to common stockholders by the weighted-average number of shares of common stock outstanding for the period, retroactively adjusted for stock splits. Diluted net income per share for the six-month period ended March 31, 2009 is not disclosed because of no dilutive securities.

(q) Related Party Transactions

The note of Related Party Transactions is omitted because it refers to Note 29 of Notes to Consolidated Financial Statements.

3. Securities

Securities as of March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
Japanese Government Bonds	¥ 251,413	$ 2,559,437
Short-term Corporate Bonds	461,514	4,698,302
Corporate Bonds	112,431	1,144,571
Equities	149,052	1,517,385
Other Securities	252,272	2,568,177
	¥1,226,683	$12,487,872

Notes: 1. Investments in subsidiaries and affiliates included in "Equities" as of March 31, 2009 are ¥76,753 million ($781,368 thousand).

2. DBJ Inc. has contingent liabilities for guarantees of corporate bonds among Securities which were issued by private placement (Article 2 Paragraph 3 of the Financial Instruments and Exchange Law) and amount to ¥3,280 million ($33,391 thousand) as of March 31, 2009.

3. There are no securities repledged as of March 31, 2009. Securities accepted under repurchase agreements can be sold or repledged. Securities neither sold nor repledged are ¥375,966 million ($3,827,412 thousand).

4 Other securities with market value are considered impaired if there is a considerable decline in the market value below the acquisition cost and such decline is not believed to be recoverable. The difference between the acquisition cost and the market value is the losses for the six-month period.

The criterion for determining "Considerable decline in market value" is as follows.

Market value is 50% or more lower than acquisition cost.

Market value is 30% or more lower than acquisition cost, and such decline is not considered as recoverable.

4. Non-performing Loans

The amounts of Non-performing Loans included in "Loans" on the non-consolidated balance sheet as of March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
Loans to Bankrupt Debtors	¥ 18,967	$ 193,093
Delinquent Loans	113,773	1,159,240
Loans Past Due Three Months or More	23	238
Restructured Loans	56,795	578,185
	¥189,559	$1,929,756

Notes: 1. The amounts of Loans indicated above are stated at gross amounts, before reduction of the allowance for loan losses.
2. "Loans to Bankrupt Debtors" represent non-accrual loans to debtors who are legally bankrupt as defined in Article 96-1-3 and 4 of the Japanese Tax Law Enforcement Regulation.
3. "Delinquent Loans" represent non-accrual loans other than (i) Loans to Bankrupt Debtors and (ii) loans whose interest payments are deferred in order to assist or facilitate the restructuring efforts of borrowers in financial difficulty.
4. "Loans Past Due Three Months or More" are loans whose principal or interest payment is three months or more past due, and do not fall under the category of "Loans to Bankrupt Debtors" or "Delinquent Loans".
5. "Restructured Loans" are loans whose repayment terms have been modified to the advantage of debtors through means such as a reduction or exemption of interest rates, postponement of principal and interest payments, and forgiveness of loans to support or restructure the debtors' businesses, and do not fall under the category of "Loans to Bankrupt Debtors", "Delinquent Loans", or "Loans Past Due Three Months or More".

5. Commitments

Loan commitment limits are contracts under which DBJ Inc. lends to customers up to the prescribed limits in response to customers' application for loans as long as there is no violation of any condition in the contracts. As of March 31, 2009, the amount of unused commitments was ¥266,886 million ($2,716,957 thousand). As of March 31, 2009, the amount of unused commitments whose remaining contract term was within one year was ¥79,128 million ($805,547 thousand).

Since many of these commitments expire without being drawn down, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions whereby DBJ Inc. can refuse customers' application for loans or decrease the contract limits for proper reason (e.g., changes in financial situation, deterioration in customers' credit worthiness). At the inception of contracts, DBJ Inc. obtains real estate, securities or other assets as collateral if considered necessary. Subsequently, DBJ Inc. performs periodic reviews of the customers' business results based on internal rules, and takes necessary measures to reconsider conditions in contracts and/or require additional collateral and guarantees.

6. Other Assets

Other Assets as of March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
Prepaid Expenses	¥ 8,277	$ 84,268
Accrued Income	40,634	413,671
Derivatives	39,052	397,564
Other	471	4,795
	¥88,436	$900,298

7. Tangible Fixed Assets

Tangible Fixed Assets as of March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
Land	¥147,396	$1,500,520
Buildings	14,485	147,465
Leased Assets	158	1,611
Construction in Progress	27	277
Other	300	3,056
	¥162,367	$1,652,930

Notes: The Accumulated Depreciation of Tangible Fixed Assets as of March 31, 2009 is ¥430 million ($4,379 thousand).

8. Allowance for Loan Losses

Allowance for Loan Losses as of March 31, 2009 is as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
General Allowance for Loan Losses	¥215,438	$2,193,204
Specific Allowance for Loan Losses	58,374	594,264
	¥273,813	$2,787,468

9. Other Liabilities

Other Liabilities as of March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
Accrued Income Taxes	¥ 20,091	$ 204,532
Unearned Income	1,199	12,214
Accrued Expenses	33,823	344,326
Derivatives	112,633	1,146,634
Lease Obligation	284	2,893
Other	1,111	11,312
	¥169,143	$1,721,909

10. Acceptances and Guarantees

Acceptances and Guarantees as of March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
Guarantees	¥160,276	$1,631,642

11. Assets Pledged as Collateral

Loans and Securities pledged as collateral in Real Time Gross Settlement for bank deposits at the Bank of Japan are ¥228,799 million ($2,329,217 thousand) and ¥633,024 million ($6,444,309 thousand), respectively, as of March 31, 2009. Also, ¥2,025 million ($20,615 thousand) of Securities are pledged as collateral for loans of companies which DBJ Inc. invests as of March 31, 2009.

Under the DBJ Inc. Law (Law No. 17 and 26), the DBJ Law (Law No. 43), obligations created by the bonds issued by DBJ Inc. are secured by a statutory preferential right over the property of DBJ Inc. Denomination value of these debentures amounts to ¥3,314,596 million ($33,743,217 thousand).

12. Equity

Since May 1, 2006, Japanese companies including DBJ Inc. have been regulated by the Companies Act. In addition, DBJ Inc. is regulated by DBJ Inc. Law. The significant provisions in the Companies Act and DBJ Inc. Law that affect financial and accounting matters are summarized as follows:

(a) Dividends

Under the Companies Act, companies can distribute dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term in its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year , prescribed that the Board of Directors can declare dividends in its articles of incorporation. DBJ Inc., however, shall not distribute such dividends based on resolution of the Board of Directors, since its article of incorporation is not prescribed that the Board of Directors can do such an action. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The Article 20 of the DBJ Inc. Law provides that the timing and amounts for dividends shall be authorized by the Finance Minister.

(b) Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be set aside as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the dividends until the total aggregate amount of legal reserve and additional paid-in capital equal 25% of Common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be reclassified among the accounts under certain conditions upon resolution by the shareholders.

(c) Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of the treasury stock based on resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the distributable amount to the shareholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. The treasury stock acquisition rights are presented as a separate component of equity or deduction of stock acquisition rights.

(d) Solicitation and Delivery of Shares or Stock Acquisition Rights

The Article 12 of the DBJ Inc. Law regulates that, if DBJ Inc. intends to solicit those who will subscribe for shares or stock acquisition rights offered, or to deliver shares or stock acquisition rights in connection with a share-for-share exchange, DBJ Inc. shall obtain an authorization from the Finance Minister.

13. Per Share Information

Basic Net Loss Per Common Share ("EPS") for the six-month period ended March 31, 2009 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Loss	Weighted Average Shares	EPS	EPS
Basic EPS				
Net Loss Available to Common Shareholders	¥(129,227)	40,000	¥(3,230.68)	$(32.89)

Notes: Diluted net income per share for the six-month period ended March 31, 2009 is not disclosed because there are no dilutive securities.

14. Fees and Commissions (Income)

Fees and Commissions (Income) for the six-month period ended March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
For the six-month period ended March 31	2009	2009
Commissions	¥4,626	$47,097

15. Other Operating Income

Other Operating Income for the six-month period ended March 31, 2009 is as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
For the six-month period ended March 31	2009	2009
Foreign Exchange Gains	¥632	$6,438

16. Other Income

Other Income for the six-month period ended March 31, 2009 is as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
For the six-month period ended March 31	2009	2009
Gains on Sales of Equities and Other Securities	¥ 3,236	$ 32,948
Gains on Money Held in Trust	866	8,822
Gains on Sales of Fixed Assets	0	7
Collection of Written-off Claims	3,316	33,762
Other	3,453	35,155
	¥10,873	$110,695

Notes: "Other" includes profit of collective investment vehicles, such as limited partnerships, Tokumei Kumiai and other entities with similar characteristics, attributable to DBJ Inc. as the equity participants, totaling ¥2,916 million ($29,690 thousand) for the six-month period ended March 31, 2009.

17. Fees and Commissions (Expenses)

Fees and Commissions (Expenses) for the six-month period ended March 31, 2009 are as follows:

For the six-month period ended March 31	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2009	2009
Commissions	¥140	$1,426

18. Other Operating Expenses

Other Operating Expenses for the six-month period ended March 31, 2009 are as follows:

For the six-month period ended March 31	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2009	2009
Debentures Issuance Costs	¥ 368	$ 3,751
Corporate Bonds Issuance Costs	147	1,505
Losses on Derivative Instruments	10,065	102,472
Other	147	1,506
	¥10,730	$109,235

19. Other Expenses

Other Expenses for the six-month period ended March 31, 2009 are as follows:

For the six-month period ended March 31	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2009	2009
Provision for Allowance for Loan Losses	¥122,603	$1,248,129
Provision for Investment Losses	4,277	43,547
Write-off of Loans	2,583	26,305
Write-off of Equities	10,959	111,570
Losses on Money Held in Trust	3	31
Losses on Sales of Fixed Assets	8	92
Impairment Loss	30	312
Other	17,008	173,154
	¥157,476	$1,603,140

Notes: "Other" includes losses of collective investment vehicles, such as limited partnerships, Tokumei Kumiai and other entities with similar characteristics, attributable to DBJ Inc. as the equity participants, totaling ¥16,496 million ($167,940 thousand) for the six-month period ended March 31, 2009.

20. Non-Consolidated Statement of Changes in Equity

The financial period of this financial statement is from October 1, 2008 through March 31, 2009. DBJ Inc. was established on October 1, 2008, as a joint stock corporation under the DBJ Inc. Law (Law No. 85 of 2007, as amended). The predecessor contributed all assets and liabilities to DBJ Inc. except for those assets to be assumed by the Japanese Government pursuant to Article 15, Paragraph 2 of the Supplementary Provisions, in exchange for shares of DBJ Inc.'s common stock, and thereafter, upon transferring such shares to the Japanese Government, the predecessor was dissolved on October 1, 2008. Valuation of Assets and Liabilities evaluated by evaluation officers (*hyoka iin*) pursuant to Article 16 of the Supplementary Provisions on the DBJ Inc. Law is as follows:

As of October 1, 2008	Millions of Yen	Thousands of U.S. Dollars
Assets	¥12,414,193	$116,565,194

As of October 1, 2008	Millions of Yen	Thousands of U.S. Dollars
Liabilities	¥10,256,477	$ 96,304,957
Equity	2,157,715	20,260,237
	¥12,414,193	$116,565,194

Notes: Valuation of Assets, Liabilities and Equity succeeded from the predecessor on October 1, 2008 is converted at the rate of ¥106.50=$1.00 as of October 1, 2008.

21. Lease Transactions

DBJ Inc. leases certain equipment and others.

Lease payments under finance leases for the six-month period ended March 31, 2009 amounted to ¥145 millions yen ($1,482 thousand).

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense and interest expense for finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the six-month period ended March 31, 2009 is as follows:

	Millions of Yen		
	2009		
As of March 31	Tangible Fixed Assets	Intangible Fixed Assets	Total
Acquisition Cost	¥508	¥254	¥ 762
Accumulated Depreciation	(93)	(37)	(130)
Net leased property	¥414	¥216	¥ 631

	Thousands of U.S. Dollars (Note 1)		
	2009		
As of March 31	Tangible Fixed Assets	Intangible Fixed Assets	Total
Acquisition Cost	$5,174	$2,586	$ 7,760
Accumulated Depreciation	(950)	(381)	(1,332)
Net leased property	$4,224	$2,205	$ 6,429

Pro forma amounts of obligations under finance leases as of March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
As of March 31	2009	2009
Due within One Year	¥236	$2,406
Due after One Year	402	4,103
	¥639	$6,509

Pro forma amounts of depreciation expense and interest expense under finance leases for the six-month period ended March 31, 2009 are as follows:

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Depreciation Expense	¥140	$1,427
Interest Expense	6	66
	¥146	$1,492

Notes: 1. Depreciation expense is calculated using the straight-line method, assuming that useful life is equal to the lease term and that the residual value at the end of the lease term is zero.
2. The difference between total lease payments and the assumed acquisition cost of leased assets is charged to assumed interest expense and is allocated to each fiscal year using the interest method.

The minimum rental commitments under non-cancelable operating leases as of March 31, 2009 are as follows:

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Due within One Year	¥157	$1,606
Due after One Year	108	1,100
	¥265	$2,706

22. Market Value of Securities

Market value of Securities, excluding investments in subsidiaries and affiliates, are reported in the notes to consolidated financial statements. DBJ Inc. holds no investments in subsidiaries with market value as of March 31, 2009.

23. Income Taxes

DBJ Inc. is subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rate of approximately 40.69% for the six-month period ended March 31, 2009.

A reconciliation of the actual effective tax rate with the normal effective statutory tax rate for the six-month period ended March 31, 2009 is as follows:

	For the six-month period ended March 31, 2009
Normal Effective Statutory Tax Rate	40.69%
Increase (Decrease) in Taxes Resulting From:	
Change in Valuation Allowance	(52.35)
Other	(0.03)
Actual Effective Tax Rate	(11.69%)

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities as of March 31, 2009 are as follows:

As of March 31	Millions of Yen 2009	Thousands of U.S. Dollars (Note 1) 2009
Deferred Tax Assets:		
Allowance for Loan Losses	¥ 128,029	$ 1,303,369
Reserve for Retirement Benefits	13,030	132,650
Losses on Investment Securities	9,640	98,142
Allowance for Investment Losses	3,668	37,343
Unrealized Loss on Available-for-sale Securities	1,664	16,943
Other	5,145	52,378
Sub Total	161,178	1,640,825
Less—Valuation Allowance	(121,044)	(1,232,258)
Total	¥ 40,133	$ 408,567
Deferred Tax Liabilities:		
Deferred Gains or Losses on Hedges	¥ (12,217)	$ (124,380)
Total	(12,217)	(124,380)
Net Deferred Tax Assets	¥ 27,915	$ 284,187

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Development Bank of Japan Inc.:

We have audited the accompanying non-consolidated balance sheet of Development Bank of Japan Inc. (the "Bank") as of March 31, 2009, and the related non-consolidated statements of operations and changes in equity for the six-month period then ended, all expressed in Japanese yen. These non-consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of Development Bank of Japan Inc. as of March 31, 2009, and the results of its operations for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 22, 2009

Member of
Deloitte Touche Tohmatsu

Capital Adequacy Status

Capital adequacy ratios were calculated in accordance with the guidelines stipulated by Article 14-2 of the Banking Law of Japan (March 27, 2006, Financial Services Agency Notification No. 19, hereinafter, the "Capital Adequacy Ratio Notification"). Capital adequacy ratios have been calculated on both a consolidated and non-consolidated basis, and both to uniform international standards.

As of this disclosure (July 2009), DBJ has not yet applied Article 14-2 of the Banking Law of Japan, but for reference the capital adequacy ratio has been disclosed in accordance with the Capital Adequacy Ratio Notification.

With regard to the measuring the capital adequacy ratio, credit risk was calculated using the standardized approach, and operational risk was calculated using the basic indicator approach. Also, as the Bank does not conduct trading (specific transactions) operations, and as Article 4 and Article 16 of the Capital Adequacy Ratio Notification apply, the market risk equivalent amount was not calculated.

[1] Capital Adequacy Ratio Status (Consolidated)

Settlement of the consolidated accounts for the 9th business term.

Qualitative Disclosure

1. Scope of Consolidation	The DBJ's consolidated capital adequacy ratio is calculated for the corporate group, as stipulated in Article 3 of the Capital Adequacy Ratio Notification (hereinafter, the "Consolidated Group"). For companies that belong to the Consolidated Group, no differences exist in the wording of the consolidated financial statements or regulations pertaining to shares and preparation methods (Ministry of Finance Directive No. 28 of 1976 (hereinafter, the "Consolidated Financial Statement Regulations") of companies included in the scope of consolidation. The Consolidated Group has nine consolidated subsidiaries, including New Business Investment Co., Ltd., (provides funding, etc. to operators of new businesses) and DBJ Credit Line Ltd. (acquires beneficial interests in trust, operates and directs trusts on a commissioned basis, etc.). No affiliated companies conduct financial business to which Article 9 of the Capital Adequacy Ratio Notification applies; no companies are subject to exclusion items under Item 2 (a) to (c), Paragraph 1, Article 8, of this Notification; and no companies conduct business in accordance with Item 11, Paragraph 1, Article 16-2 of the Banking Law of Japan (Law No. 59 of 1981, hereinafter, the "Law") or in accordance with Item 12 of this Paragraph that do not belong to the Consolidated Group. In the Consolidated Group no particular restrictions are in place to limit the movement of funds or capital.
2. Overview of Fund-Raising Methods	All capital is funded by the government of Japan.
3. Overview of Methods for Evaluating the Degree of Capital Adequacy of the Consolidated Group	Regarding the degree of capital adequacy, the Consolidate Group quantifies credit risk, interest rate risk and operational risk, compares the total risk amount with total capital and measures the capital surplus. This surplus enables the Consolidated Group to respond to unquantifiable risks and unforeseen events, decide whether to take new financing risks and establish the operating directions.
4. Credit Risk	(a) Overview of Risk Management Policies and Procedures Credit risk refers to the risk of loss to the Bank resulting from the decline in or disappearance of the value of credit assets, owing to the worsening credit standing of clients for loans or debt guarantees. These risks include expected losses (UL), or losses that on average can be expected to occur within a certain measurement period; and unexpected losses (UL), which go extend beyond the boundaries of losses that, on average, are expected within a period of time. The Bank periodically compares UL and capital to measure the amount of capital in surplus. (b) Rating Agencies Eligible to Weight Risks The rating agencies that the Bank uses for weighting risk are among the four that the FSA has named eligible to perform such weighting. Rating agency eligibility is not selected depending on the type of exposure. The rating agencies are Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), and Standard & Poor's Corp. (S&P).
5. Overview of Risk Management Policies and Procedures for Reducing Credit Risk	DBJ obtains collateral or guarantees as necessary based on changes in the borrower's creditworthiness. If required, the effectiveness of collateral is determined from the perspective of the amount that could be reasonably expected to resolve the situation through liquidation or the creditworthiness of the guarantor, respectively. In principal, collateral valuation is performed by the Credit Analysis Department, based on the request of investment and loan departments/offices. Investment and loan departments/offices and the Credit Analysis Department manage credit risk based on valuation results. In principle, the valuation of all collateral property is reviewed once or twice each year to ensure the Bank is aware of the current status of its collateral property.

6. Overview of Risk Management Policies and Procedures Related to Risk Involving Counter–parties in Derivative Product Transactions and Transactions with Long Settlement Periods	The Bank regularly refers to the ratings and credit amounts of transaction counterparties to determine the advisability of entering a transaction or to understand the risks of existing transactions.
7. Securitization Exposure	(a) Overview of Risk Management Policies and Procedures Excluding credit derivatives, the majority of DBJ's securitization exposure falls into the category of specialized lending (Item 47, Article 1, of the Capital Adequacy Ratio Notification) employing internal rating methods. Different from the internal ratings that are applied to standard corporate credit, this exposure is given a rating by using a grading system applied to match the characteristics of specialized lending. The Bank conducts risk management in line with changes in rating level. In addition to rating its exposure when making new acquisitions, the Bank reviews these ratings periodically. The Bank's involvement in securitized transactions is typically that of an investor, and in principle the exposure acquired through such transactions continues until the instrument's maturity. (b) Methods Used to Calculate Credit Risk Asset Amount of Securitization Exposure DBJ employs the standardized approach for these calculations. (c) Method of Accounting for Securitization Transactions Securitized transactions are recognized from an accounting standpoint at the time of inflows or outflows of cash, such as when selling assets or raising funds. (d) Rating Agencies Eligible to Weight Risks by Type of Securitization The rating agencies that DBJ uses for weighting risk are among the four that the FSA has named eligible to perform such weighting. Eligible rating agencies are not selected according to investment type. The rating agencies are Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), and Standard & Poor's Corp. (S&P).
8. Market Risk	In accordance with Article 4 of the Capital Adequacy Ratio Notification, the Bank includes in its calculation method no market risk equivalent amount. Consequently, this topic is not applicable.
9. Operational risk	(a) Overview of Risk Management Policies and Procedures DBJ defines operational risk as the risk of loss arising from internal processes, people or systems that are inappropriate or non-functioning, or from extrinsic events. DBJ works to ensure its risk management preparedness to prevent potential risks from materializing. The Bank establishes its management structure and basic risk management policy pertaining to management methods after considering the wide range of operational risks that it potentially faces, such as operational risk, systems risk, legal risk, human risk and tangible asset risk. The Bank designates operational risk officers at each of its offices. These personnel are charged with establishing data collection procedures, remaining aware of risks and creating risk databases. In line with the increasing level of sophistication and complexity of the financial business, the Bank addresses various operational risks by establishing or reinforcing management methods and preparations to appropriately identify, evaluate, measure, monitor and control these risks. (b) Method Used to Calculate Operational Risk Equivalent Amount The Bank uses the basic indicator approach to calculate these risks.
10. Overview of Risk Management Policies and Procedures Regarding Exposure to Shares and Other Equity Investments and Capital Injections into the Banking Book	The Bank defines investment risk as its risk of sustaining a partial or total loss on the value of an investment, owing to such factors as the worsening of an investee's profitability or financial conditions or to fluctuations in the market environment. For newly acquired exposure, DBJ considers the balance between investment risk and potential return in each field of investment. Thereafter, the Bank regularly conducts performance evaluations on its exposure.

11. Interest Rate Risk on the Banking Book

(a) Overview of Risk Management Policies and Procedures

Long-term, fixed-rate funding makes up the majority of the DBJ's borrowings, and the Bank seeks to reduce its interest rate risk by raising funds featuring similarly long-term, fixed rates therefore, measure interest rate risk. We also employ the value at risk (VaR) and the Basel II standardized interest rate shock* method to compute various risks from the standpoint of their economic value.

We regularly compare VaR and 200bpValue against capital to ensure that interest rate risk remains within a specified range of capital.

* Measurement methods are described in (ii) and (iii) of (b).

(b) Overview of Methods for Calculating Interest Rate Risk Used by the Bank for Internal Control of the Banking Book

The Bank calculates interest rate risk based on the following method.

(i) VaR: Use a historical method of measurement with a one-year holding period, a five-year time horizon and a 99.9% confidence level

(ii) Measure interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon

(iii) 200bpValue: Use a 2% parallel shift in a standardized interest rate shock to measure the change in economic value

((ii) and (iii) are methods for measuring the standardized interest rate shock under Basel II.)

Quantitative Disclosure

1. Of companies covered under the deductions from capital provided by Article 8, Paragraph 1, Item 2 (a) to (c) or by Article 31, Paragraph 1, Item 2 (a) to (c) of the Capital Adequacy Ratio Notification, names of companies that fall below legislatively required capital adequacy and the total amount by which they fail to meet the required capital adequacy.

Not applicable.

2. Items Related to Capital Adequacy Level

(Millions of yen)

		March 31, 2009
(a) Capital requirement to total credit risk		702,205
(1) Exposure by portfolio to which standardized approach applied		650,833
(i) Japanese government and regional municipal entities		0
(ii) Exposure to financial institutions		5,111
(iii) Exposure to corporations		613,433
(iv) Equity exposure		16,536
(v) Other exposure		15,752
(2) Securitization risk exposure		51,372
(b) Capital requirement to market risk		—
(c) Capital requirement to operational risk		14,234
(d) Consolidated total capital requirement ((a) + (b) + (c))		716,440
(e) Consolidated capital ratio and consolidated Tier I ratio	Capital ratio	18.88%
	Tier I ratio	23.10%

3. Items Related to Credit Risk (Excluding Securitization Exposure)

(a) Fiscal year-end credit risk exposure and breakdown by principal categories

(Millions of yen)

	March 31, 2009
Loans	11,562,800
Equities, funds	216,535
Commitments and customers' liabilities for acceptances and guarantees	379,029
Bonds (JGBs and corporate bonds, etc.)	888,443
Repurchase agreement/call loan	520,972
Other	375,860
Total	13,943,641

(b) Fiscal year-end credit risk exposure, broken down as follows:

(1) By region

(Millions of yen)

	March 31, 2009
Domestic total	13,943,566
Overseas total	75

Note: "Overseas" refers to overseas consolidated subsidiaries. DBJ has no overseas branches.

(2) Breakdown by industry and transaction counterparty

(Millions of yen)

	March 31, 2009
Manufacturing	2,832,973
Forestry and fisheries	1,221
Mining	26,965
Construction	58,995
Wholesale and retail	875,540
Finance and insurance	1,149,726
Real estate	1,276,177
Transportation and communications	4,064,028
Electrical, gas and water	2,028,789
Services	1,137,269
Other	491,953

(3) Breakdown by period to maturity

(Millions of yen)

	March 31, 2009
Five years or less	5,043,231
More than five years, up to 10	4,818,836
More than 10 years, up to 15	2,646,779
More than 15 years	1,040,599
No maturity date	394,194

(c) Breakdown of exposure by risk weight (after accounting for credit risk mitigations) (Millions of yen)

	March 31, 2009
Risk weight 0%	753,431
Risk weight 10%	294
Risk weight 20%	4,624,103
Risk weight 50%	2,743,958
Risk weight 100%	5,444,070
Risk weight 150%	263,014

4. Items Related to the Effect of Credit Risk Mitigations

Exposure to Items to Which Effect of Credit Risk Mitigations Applied (Millions of yen)

	March 31, 2009
Eligible financial collaterals	375,963
Guarantees or credit derivatives	1,852,601

5. Transaction Counterparties' Risk on Derivative Product Transactions and Transactions with Long Settlement Periods

(Millions of yen)

		March 31, 2009
Equivalent credit calculation method		Current exposure method
Gross restructuring cost		117,323
Gross add-on, by transaction type		103,801
	Interest rate transactions	60,822
	Foreign exchange transactions	40,079
	Credit derivative transactions	2,900
Reducing credit equivalent amounts through netting		110,391
Net equivalent credit		110,732
	Net restructuring cost	53,719
Amounts of hypothetical holdings of credit derivatives for calculated credit equivalent amount by type of credit derivative, by protection purchase or provision	Credit default swaps provision	861,210
	Credit default swaps purchase	451,100
Hypothetical holdings of credit derivatives taking into account credit risk mitigations		393,100

Notes: 1. Collateral is not used to reduce credit risk on derivative product transactions.
2. Credit derivatives used to compute the credit equivalent amount are included in securitization exposure; there is some data overlap with securitization exposure indicated elsewhere and what are known as single-name CDS offerings include the measurement of acceptances and guarantees as consisting of the legal and other exposure of the company in question.

6. Securitization Exposure

(a) Securitization exposure in which the Consolidated Group is the originator

Not applicable.

(b) Securitization exposure in which the Consolidated Group is an investor

(1) Retained securitization exposure amount and breakdown by major underlying asset type (Millions of yen)

	March 31, 2009
Structured finance	613,337
Credit derivatives	739,574
Funds*	192,854

* Assets held by funds including the commitment to funds (calculated on "look-through" approach basis).

(2) Balance of retained securitization exposure by risk weight and required capital amounts (Millions of yen)

			March 31, 2009
Risk weight	20%	Balance	594,454
		Capital requirement	9,511
Risk weight	50%	Balance	201,778
		Capital requirement	8,071
Risk weight	100%	Balance	261,237
		Capital requirement	20,899
Risk weight	350%	Balance	35,000
		Capital requirement	9,800
Risk weight	Capital deductions	Balance	437,337
		Capital requirement	—
Risk weight	Other*	Balance	15,958
		Capital requirement	3,090

* Applying to exposure the transitional measures indicated in Article 15 of the Supplementary Provision to the Capital Adequacy Ratio Notification.

(3) Breakdown of securitization exposure amounts and underlying asset categories deducted from capital in accordance with Article 247 of the Capital Adequacy Ratio Notification (Millions of yen)

	March 31, 2009
Structured finance	244,482
Funds*	192,854

* Assets held by funds including the commitment to funds (calculated on "look-through" approach basis).

(4) Amount of credit risk assets calculated with application of Article 15 of the Supplementary Measure to the Capital Adequacy Ratio Notification (Millions of yen)

	March 31, 2009
Credit risks and assets	38,635

7. Items Related to Market Risk

The Bank falls into the category indicated in Article 4 of the Capital Adequacy Ratio Notification. Consequently, calculation of the market risk equivalent amount indicated in Article 2 was not performed, and this item does not apply.

8. Items Related to Shares and Other Equity Investments and Capital Injections into the Banking Book

(Millions of yen)

	March 31, 2009
(a) Market value of below-listed items as included within categories in the consolidated balance sheets	
Exposure to listed shares	28,961
Exposure to other equity investments and capital injections	180,170
(b) Gains or losses on the sale of equity investments or shares	3,204
Gain or loss on amortization of exposure on equity investments or shares	14,558
(c) Gains or losses from valuation recognized on the consolidated balance sheets but not recognized on the consolidated statements of income statements	(1,667)
(d) Included amount stipulated in Article 6, Paragraph 1, Item 1 of the Capital Adequacy Ratio Notification	—

Notes: 1. The Group has no overseas sales locations.
2. The Group has no exposure to shares to which Article 13 of the Supplementary Provisions to the Capital Adequacy Ratio Notification applies.

9. Amount of Exposure Applied for the Deemed Calculation of Credit Risk Assets

As the Bank employs the standardised approach for calculating credit risk, this item does not apply.

10. Interest Rate Risk in the Banking Book

	March 31, 2009
Decrease in economic value resulting from interest rate shock	Decrease in economic value resulting from an interest rate shock measuring interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon: ¥19.4 billion

[2] Capital Adequacy Ratio Status (Non-Consolidated)

Settlement of the non-consolidated accounts for the 9th business term.

Qualitative Disclosure

1. Overview of Fund-Raising Methods	All capital is funded by the government of Japan.
2. Overview of Methods for Evaluating the Degree of Capital Adequacy of the Bank	Regarding the degree of capital adequacy, the Bank quantifies credit risk, interest rate risk and operational risk, compares the total risk amount with total capital and measures the capital surplus. This surplus enables the Bank to respond to unquantifiable risks and unforeseen events, decide whether to take new financing risks and establish the operating directions.
3. Credit Risk	(a) Overview of Risk Management Policies and Procedures Credit risk refers to the risk of loss to the Bank resulting from the decline in or disappearance of the value of credit assets, owing to the worsening credit standing of clients for loans or debt guarantees. These risks include expected losses (UL), or losses that on average can be expected to occur within a certain measurement period; and unexpected losses (UL), which go extend beyond the boundaries of losses that, on average, are expected within a period of time. The Bank periodically compares UL and capital to measure the amount of capital in surplus. (b) Rating Agencies Eligible to Weight Risks The rating agencies that the Bank uses for weighting risk are among the four that the FSA has named eligible to perform such weighting. Rating agency eligibility is not selected depending on the type of exposure. The rating agencies are Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), and Standard & Poor's Corp. (S&P).
4. Overview of Risk Management Policies and Procedures for Reducing Credit Risk	DBJ obtains collateral or guarantees as necessary based on changes in the borrower's creditworthiness. If required, the effectiveness of collateral is determined from the perspective of the amount that could be reasonably expected to resolve the situation through liquidation or the creditworthiness of the guarantor, respectively. In principal, collateral valuation is performed by the Credit Analysis Department, based on the request of investment and loan departments/offices. Investment and loan departments/offices and the Credit Analysis Department manage credit risk based on valuation results. In principle, the valuation of all collateral property is reviewed once or twice each year to ensure the Bank is aware of the current status of its collateral property.
5. Overview of Risk Management Policies and Procedures Related to Risk Involving Counter-parties in Derivative Product Transactions and Transactions with Long Settlement Periods	The Bank regularly refers to the ratings and credit amounts of transaction counterparties to determine the advisability of entering a transaction or to understand the risks of existing transactions.
6. Securitization Exposure	(a) Overview of Risk Management Policies and Procedures Excluding credit derivatives, the majority of DBJ's securitization exposure falls into the category of specialised lending (Item 47, Article 1, of the Capital Adequacy Ratio Notification) employing internal rating methods. Different from the internal ratings that are applied to standard corporate credit, this exposure is given a rating by using a grading system applied to match the characteristics of specialised lending. The Bank conducts risk management in line with changes in rating level. In addition to rating its exposure when making new acquisitions, the Bank reviews these ratings periodically. The Bank's involvement in securitized transactions is typically that of an investor, and in principle the exposure acquired through such transactions continues until the instrument's maturity. (b) Methods Used to Calculate Credit Risk Asset Amount of Securitization Exposure DBJ employs the standardized approach for these calculations. (c) Method of Accounting for Securitization Transactions Securitized transactions are recognized from an accounting standpoint at the time of inflows or outflows of cash, such as when selling assets or raising funds. (d) Rating Agencies Eligible to Weight Risks by Type of Securitization The rating agencies that DBJ uses for weighting risk are among the four that the FSA has named eligible to perform such weighting. Eligible rating agencies are not selected according to investment type. The rating agencies are Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), and Standard & Poor's Corp. (S&P).

7. Market Risk	In accordance with Article 16 of the Capital Adequacy Ratio Notification, the Bank includes in its calculation method no market risk equivalent amount. Consequently, this topic is not applicable.
8. Operational risk	(a) Overview of Risk Management Policies and Procedures DBJ defines operational risk as the risk of loss arising from internal processes, people or systems that are inappropriate or non-functioning, or from extrinsic events. DBJ works to ensure its risk management preparedness to prevent potential risks from materializing. The Bank establishes its management structure and basic risk management policy pertaining to management methods after considering the wide range of operational risks that it potentially faces, such as operational risk, systems risk, legal risk, human risk and tangible asset risk. The Bank designates operational risk officers at each of its offices. These personnel are charged with establishing data collection procedures, remaining aware of risks and creating risk databases. In line with the increasing level of sophistication and complexity of the financial business, the Bank addresses various operational risks by establishing or reinforcing management methods and preparations to appropriately identify, evaluate, measure, monitor and control these risks. (b) Method Used to Calculate Operational Risk Equivalent Amount The Bank uses the basic indicator approach to calculate these risks.
9. Overview of Risk Management Policies and Procedures Regarding Exposure to Shares and Other Equity Investments and Capital Injections into the Banking Book	The Bank defines investment risk as its risk of sustaining a partial or total loss on the value of an investment, owing to such factors as the worsening of an investee's profitability or financial conditions or to fluctuations in the market environment. For newly acquired exposure, DBJ considers the balance between investment risk and potential return in each field of investment. Thereafter, the Bank regularly conducts performance evaluations on its exposure.
10. Interest Rate Risk on the Banking Book	(a) Overview of Risk Management Policies and Procedures Long-term, fixed-rate funding makes up the majority of the DBJ's borrowings, and the Bank seeks to reduce its interest rate risk by raising funds featuring similarly long-term, fixed rates therefore, measure interest rate risk. We also employ the value at risk (VaR) and the Basel II standardized interest rate shock* method to compute various risks from the standpoint of their economic value. We regularly compare VaR and 200bpValue against capital to ensure that interest rate risk remains within a specified range of capital. * Measurement methods are described in (ii) and (iii) of (b). (b) Overview of Methods for Calculating Interest Rate Risk Used by the Bank for Internal Control of the Banking Book The Bank calculates interest rate risk based on the following method. (i) VaR: Use a historical method of measurement with a one-year holding period, a five-year time horizon and a 99.9% confidence level (ii) Measure interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon (iii) 200bpValue: Use a 2% parallel shift in a standardized interest rate shock to measure the change in economic value ((ii) and (iii) are methods for measuring the standardized interest rate shock under Basel II.)

Quantitative Disclosure

1. Items Related to Capital Adequacy Level

(Millions of yen)

		March 31, 2009
(a) Capital requirement to total credit risk		701,671
(1) Exposure by portfolio to which standardized method applied		650,299
(i) Japanese government and regional municipal bodies		0
(ii) Exposure to financial institutions		5,020
(iii) Exposure to corporations		612,793
(iv) Equity exposure		16,805
(v) Other exposure		15,680
(2) Securitization risk exposure		51,372
(b) Capital requirement to market risk		—
(c) Capital requirement to operational risk		14,222
(d) Non-consolidated total capital requirement ((a) + (b) + (c))		715,893
(e) Non-consolidated capital ratio and non-consolidated Tier I ratio	Capital ratio	18.70%
	Tier I ratio	22.99%

2. Items Related to Credit Risk (Excluding Securitization Exposure)

(a) Fiscal year-end credit risk exposure and breakdown by principal categories

(Millions of yen)

	March 31, 2009
Loans	11,552,191
Equities, funds	228,976
Commitments and customers' liabilities for acceptances and guarantees	378,629
Bonds (JGBs and corporate bonds, etc.)	888,443
Repurchase agreement/call loan	520,972
Other	364,641
Total	13,933,855

(b) Fiscal year-end credit risk exposure, broken down as follows:

(1) By region

(Millions of yen)

	March 31, 2009
Domestic total	13,933,855
Overseas total	—

Note: DBJ has no overseas sales locations.

(2) Breakdown by industry and transaction counterparty

(Millions of yen)

	March 31, 2009
Manufacturing	2,832,973
Forestry and fisheries	1,221
Mining	26,965
Construction	58,995
Wholesale and retail	875,540
Finance and insurance	1,164,797
Real estate	1,276,177
Transportation and communications	4,064,028
Electrical, gas and water	2,028,789
Services	1,138,241
Other	466,123

(3) Breakdown by period to maturity

(Millions of yen)

	March 31, 2009
Five years or less	5,042,831
More than five years, up to 10	4,818,836
More than 10 years, up to 15	2,646,779
More than 15 years	1,040,599
No maturity date	384,808

(c) Breakdown of exposure by risk weight (after accounting for credit risk mitigations)

(Millions of yen)

	March 31, 2009
Risk weight 0%	753,431
Risk weight 10%	294
Risk weight 20%	4,618,368
Risk weight 50%	2,743,836
Risk weight 100%	5,438,599
Risk weight 150%	263,014

3. Items Related to the Effect of Credit Risk Mitigations

Exposure to Items to Which Effect of Credit Risk Mitigations Applied

(Millions of yen)

	March 31, 2009
Eligible financial collaterals	375,963
Guarantees or credit derivatives	1,852,601

4. Transaction Counterparties' Risk on Derivative Product Transactions and Transactions with Long Settlement Periods

(Millions of yen)

		March 31, 2009
Equivalent credit calculation method		Current exposure method
Gross restructuring cost		117,323
Gross add-on, by transaction type		103,801
	Interest rate transactions	60,822
	Foreign exchange transactions	40,079
	Credit derivative transactions	2,900
Reducing credit equivalent amounts through netting		110,391
Net equivalent credit		110,732
	Net restructuring cost	53,719
Amounts of hypothetical holdings of credit derivatives for calculated credit equivalent amount by type of credit derivative, by protection purchase or provision	Credit default swaps provision	861,210
	Credit default swaps purchase	451,100
Hypothetical holdings of credit derivatives taking into account credit risk mitigations		393,100

Notes: 1. Collateral is not used to reduce credit risk on derivative product transactions.
2. Credit derivatives used to compute the credit equivalent amount are included in securitization exposure; there is some data overlap with securitization exposure indicated elsewhere and what are known as single-name CDS offerings include the measurement of acceptances and guarantees as consisting of the legal and other exposure of the company in question.

5. Securitization Exposure

(a) Securitization exposure in which the Bank is the originator

Not applicable.

(b) Securitization exposure in which the Bank is an investor

(1) Retained securitization exposure amount and breakdown by major underlying asset type

(Millions of yen)

	March 31, 2009
Structured finance	586,961
Credit derivatives	739,574
Other*	225,527

* Assets held by funds including the commitment to funds (calculated on "look-through" approach basis).

(2) Balance of retained securitization exposure by risk weight and required capital amounts

(Millions of yen)

			March 31, 2009
Risk weight	20%	Balance	594,454
		Capital requirement	9,511
Risk weight	50%	Balance	201,777
		Capital requirement	8,071
Risk weight	100%	Balance	261,237
		Capital requirement	20,898
Risk weight	350%	Balance	35,000
		Capital requirement	9,800
Risk weight	Capital deductions	Balance	443,636
		Capital requirement	—
Risk weight	Other*	Balance	15,958
		Capital requirement	3,090

* Applying to exposure the transitional measures indicated in Article 15 of the Supplementary Provision to the Capital Adequacy Ratio Notification.

(3) Breakdown of securitization exposure amounts and underlying asset categories deducted from capital in accordance with Article 247 of the Capital Adequacy Ratio Notification

(Millions of yen)

	March 31, 2009
Structured finance	218,414
Funds*	225,221

* Assets held by funds including the commitment to funds (calculated on "look-through" approach basis).

(4) Amount of credit risk assets calculated with application of Article 15 of the Supplementary Measure (Interim Measure for Securitization Exposure) to the Capital Adequacy Ratio Notification

(Millions of yen)

	March 31, 2009
Credit risks and assets	38,635

6. Items Related to Market Risk

The Bank falls into the category indicated in Article 4 of the Capital Adequacy Ratio Notification. Consequently, calculation of the market risk equivalent amount indicated in Article 2 was not performed, and this item does not apply.

7. Items Related to Shares and Other Equity Investments and Capital Injections into the Banking Book

(Millions of yen)

	March 31, 2009
(a) Market value of below-listed items as included within categories in the non-consolidated balance sheets	
(1) Exposure to listed shares	28,492
Exposure to other equity investments and capital injections	
(2) Shares in subsidiaries and affiliated companies, and other marketable securities	186,518
(b) Gains or losses on the sale of equity investments or shares	3,236
Gain or loss on amortization of exposure on equity investments or shares	10,959
(c) Gains or losses from valuation recognized on the non-consolidated balance sheets but not recognized on the non-consolidated statements of income statements	(2,425)
(d) Included amount stipulated in Article 18, Paragraph 1, Item 1 of the Capital Adequacy Ratio Notification	—

Notes: 1. The Group has no overseas sales locations.
2. The Group has no exposure to shares to which Article 13 of the Supplementary Provisions to the Capital Adequacy Ratio Notification Applies

8. Exposure Applied for the Deemed Calculation of Credit Risk Assets

As the Bank employs the standardised approach for calculating credit risk, this item does not apply.

9. Interest Rate Risk in the Banking Book

	March 31, 2009
Decrease in economic value resulting from interest rate shock	Decrease in economic value resulting from an interest rate shock measuring interest rate fluctuations in the 1st percentile and 99th percentile, using a one-year holding period and a five-year time horizon: ¥19.4 billion